



Tremonton City

NOTICING DRAFT Wastewater Treatment Plant Impact Fee Analysis

January 5, 2016



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EXECUTIVE SUMMARY

Zions Public Finance, Inc. (Zions) is pleased to provide Tremonton (the City) with an updated Impact Fee Analysis (IFA) for the City's Wastewater Treatment Plant (WWTP). The following executive summary pages summarize the IFA, tables included. The intent is to provide a concise summary of the calculation and identification of the maximum legal impact fee that the City can enact.

Growth and ERU Projections

As of 2015 the City has a total of 3,257 equivalent residential units (ERUs) within the WWTP. The following table identifies the current and future ERUs in a single Service Area which includes Tremonton City and Garland City and potential future annexation areas of either city, as Garland City is also serviced by the Tremonton WWTP. The analysis considers growth over the next ten years. Between now and 2025, ERUs will increase by 937 to reach 4,194. The full growth table can be found in Appendix 1 of this document. The table below summarizes the average daily flow in million gallons per day (MGD) for the WWTP.

Figure ES1: Current and Projected Buildout Plant Flows (MGD)

WASTEWATER TREATMENT PLANT FLOW		
	Current Avg. Daily Flow	Buildout Avg. Daily Flow
Current MGD ¹	1.50	4.00

¹ Aqua Engineering City of Tremonton WWTP Capital Facilities Plan & IFFP pg. 6

Level of Service Definitions

Aqua Engineering defined the City's level of service in the 2015 Wastewater Treatment Plant Capital Facilities Plan & Impact Fee Facilities Plan (IFFP). The following is the defined level of service for one typical detached single family dwelling¹:

- Flow: One ERU is equivalent to 350 gpd of wastewater flow
- BOD: One ERU is equivalent to 0.77 #BOD/day (or 0.22 # BOD per person per day).
- TSS: One ERU is equivalent to 0.70 #TSS/day (or 0.20 # TSS per person per day).

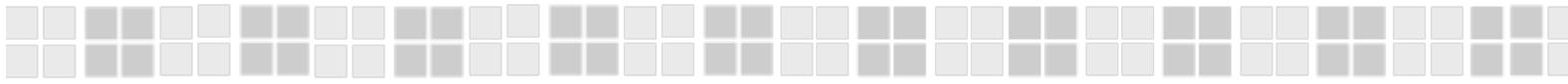
PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act, Title 11-36a of Utah Code requires that the Impact Fee Analysis estimate the proportionate share of the costs for existing capacity that will be recouped and the costs of impacts on system improvements that are reasonably related to the new development activity.

Part of the proportionate share analysis is a consideration of the manner of funding existing public facilities. A City typically funds existing infrastructure through several different funding sources including:

- General Fund Revenues
- User Fees
- Grants
- Bond Proceeds
- Developer Exactions
- Impact Fees

¹ Page 48 Aqua Engineering WWTP 2015 Capital Facilities Plan and Impact Fee Facilities Plan



Tremonton: Wastewater Treatment Plant Impact Fee Analysis

Historically the City has funded its existing Wastewater Treatment Plant through user rate revenues, impact fees and developer exactions and donations. All of these funding sources (with exception of developer exactions/donations) are impact fee qualifying expenses to be considered for buy-in purposes.

In consideration of future capital improvements, the City has determined that impact fees are necessary to maintain the existing level of service and will continue using similar funding sources as it had done in the past. No grants are being considered or are available at this time. Using impact fees places a burden on future users that is equal to the burden that was borne in the past by existing users.²

Existing Infrastructure and Capacity to Serve New Growth (Buy-In Component)

The City provided Zions with a list of all City owned assets for the Wastewater Treatment Plant. The documented impact fee eligible historic cost (actual costs) of the facilities is \$ 5,736,900³. This cost excludes non-impact fee eligible equipment such as vehicles and equipment. Only the original costs of the improvements have been considered. An analysis has been completed to identify the capacity to serve new growth and the amount of funds which can be charged as a buy-in for future users. Specifically, Aqua Engineering in their 2015 Wastewater Treatment Plant Capital Facilities Plan and Impact Fee Analysis identifies that there is 538 ERUs remains at the existing Wastewater Treatment Plant. The 538 ERU represents 9.92% of the WWTP's total capacity (1.9 MGD). Thus, the calculated buy in value eligible for impact fees for the remaining 538 ERUs to be served by the existing WWTP is 9.92% of the historic cost, or \$569,160.88. See Appendix 3 for the summarized list of assets for the Wastewater Treatment Plant.

Future Capital Improvements

The IFFP prepared by Aqua Engineering provides a list of system improvements to be constructed at the Wastewater Treatment Plant in the next six to ten years. Table 4-10 of the IFFP identifies these projects and the percentage of the costs of each project that are impact fee eligible and will benefit growth through the next six to ten years. The 2015 fiscal year cost of capital improvements in Table 4-10 of the IFFP is \$11,016,512 (\$9,555,052 is impact fee qualifying). Zions has added a 2.37%⁴ inflation factor and a future value has been calculated equaling \$11,892,489. 87% of the future value will be included into the impact fee, or \$10,324,485.

Outstanding and Future Debt

Tremonton currently has no outstanding debt related to the Wastewater Treatment Plant related debt, however it is anticipated that the City will have to seek bond financing in order to fund the recommended upgrades to the WWTP. A wastewater revenue bond is anticipated to be issued in 2018 for the project.

CALCULATED FEE

The impact fees have been calculated with all the above considerations for the Service Area, which includes the entire area of the incorporated limits of Tremonton City and any area outside of Tremonton City, which may hereafter be annexed into Tremonton City or serviced by the Tremonton City Wastewater Treatment Plant which currently includes the incorporated limits of Garland City and any area outside of Garland City, which may hereafter be annexed into Garland City.

The Sanitary Sewer Collection System is a separate utility and not considered a part of this analysis.

² Utah Impact Fees Act, 11-36a-304(2) (c) (d)

³ Tremonton City Book Asset Detail 7/01/14-6/30/15; Page 49 Aqua Engineering WWTP 2015 Capital Facilities Plan and Impact Fee Facilities Plan

⁴ Based on 10 years average cost of inflation using the Bureau of Labor Statistics.

Tremonton: Wastewater Treatment Plant Impact Fee Analysis

Figure ES2: Maximum Legal Impact Fee per ERU

Component	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Treatment Impact Fee					
IFFP Projects	\$ 11,892,489	86.8%	\$ 10,324,485	2,252	\$ 4,585
Buy In - Existing Assets	5,736,900	9.9%	569,161	2,252	253
Series 2018 Bond Proceeds	(11,291,151)	85.8%	(9,691,787)	2,252	(4,304)
Series 2018 Debt Service	15,889,150	85.8%	13,638,491	2,252	6,056
Professional Expenses	26,790	100.0%	26,790	2,252	12
Subtotal	\$ 22,254,179		\$ 14,867,141		\$ 6,602
Total Impact Fee Per ERU					\$ 6,602

As shown in the table above, the impact fee is calculated per ERU. A single-family dwelling is equivalent to one ERU. The impact fee will be assessed on a per-gallon basis to non-residential land uses according to estimated winter time indoor water usage. Impact Fees for residential and non-residential users are show in Figure ES3.

Figure ES3: Impact Fee per Development Type

RESIDENTIAL			
Development Type	Indoor Use (gpd)	ERU Equivalen ¹	Impact Fee
Single Family Residential	350	1	\$ 6,602
Multi-Family Residential (per Unit)	229	0.65	4,318
NON-RESIDENTIAL			
			Impact Fee per Gallon*
Impact Fee per Gallon of Wastewater (winter month average GPD):			\$ 18.86

*\$18.86 is multiplied by the estimated winter month gallons per day as determined by City building officials at time of building permit issuance.

CHAPTER 1: IMPACT FEE OVERVIEW

PROJECT OVERVIEW

Zions Public Finance, Inc. (Zions) is pleased to provide Tremonton (the City) with an updated Impact Fee Analysis (IFA) for the City's Wastewater Treatment Plant (WWTP). The City is still growing and has many capital needs. The update to the Impact Fee Analysis is an intensive collaborative effort that meets the needs of City Stakeholders and the City and the requirements of state law. The information used to create this IFA was provided by City staff, Zions Public Finance, Inc. and Aqua Engineering.

The objective of the Impact Fee Analysis is to calculate the maximum impact fee that may be assessed to new development and ensure the fee meets the requirements of the Impact Fees Act, Utah Code 11-36a-101 *et seq.* The sections and subsections of the Impact Fee Analysis will directly address but is not limited to the following items, required by the Utah Code:

- Impact Fee Analysis Requirements (Utah Code 11-36a-304)
 - Identify Existing Capacity to serve growth
 - Proportionate Share Analysis
 - Identify the level of service
 - Identify the impact of future development on existing and future improvements
- Calculated Fee (Utah Code 11-36a-305)
- Certification (Utah Code 11-36a-306)

WHY IS THE CITY UPDATING THE PREVIOUS ANALYSIS?

The City has commissioned this Wastewater Treatment Plant Impact Fee Analysis amendment to accomplish the following:

- Determine the maximum impact fee that may be assessed to new development;
- Update capital need projections and account for historic costs of facilities;
- Include an Impact Fee Facilities Plan (IFFP) with a ten year capital planning horizon; and
- More clearly define the current level of service and the future level of service that the City will provide.

WHAT IS AN IMPACT FEE?

An impact fee is an one-time exaction (Utah Code 10-9a-508 (1)) in the form of a fee charged to new development to recover the City's cost of constructing the Wastewater Treatment Plant with capacity to serve new growth. The fee is typically assessed at the time of building permit issuance and/or as a condition of development approval. The calculation of the impact fee shall strictly follow the Impact Fees Act, Title 11-36a of Utah Code to ensure that the fee is equitable and fair.

This Impact Fee Analysis shows that there is a fair comparison between the maximum legal impact fee charged to new development and the impact the new development will have upon the Wastewater Treatment Plant's capacity. Impact fees are charged to development according to ERUs, which is a realistic measure of the potential wastewater treatment demand that each user will add to the system.

HOW WILL NEW GROWTH AFFECT THE CITY?

According to the 2015 Wastewater Treatment Plant Capital Facilities Plan & Impact Fee Facilities Plan, the City's ERUs total 3,257 based on the WWTP IFFP provided by Aqua Engineering. This plan estimates that over the next six years to ten years (2025) the City will add approximately 937 new ERUs. There is a large amount of vacant land left within both cities' current boundaries that have the potential for development.



Tremonton: Wastewater Treatment Plant Impact Fee Analysis

This new growth increases wastewater treatment demands, and increasing the Wastewater Treatment Plant capacity is necessary for increased biologic demand and flow capacity. The capacity needed for new growth is found in both existing facilities and in the future capital projects/system improvements that will be constructed in the next six to ten years. The Wastewater Treatment Plant has capacity for approximately 538 additional ERUs in terms of wastewater flow. However it is at biologic capacity and some capital projects/system improvements are needed now to accommodate the additional growth. The recommended impact fee will balance the cost of capacity that is already “in the system” and new capital projects/system improvements that are needed to serve the additional anticipated growth.

Population is important an important element in planning the Wastewater Treatment Plant as population, and other factors, drive project need and timing. However, this impact fee analysis is not population dependent. The driving force is the growth in and number of ERUs, which also considers the impact of non-residential development. The impact fee is based on capacity available in the existing system and on future capital projects/system improvements required to service growth and are not directly dependent upon population growth. In summary, the existing infrastructure expense for which there is capacity remaining to service new growth will be considered and future capital project/system improvements costs will be spread across capacity provided and not population growth over the next six to ten years.

WHY ARE IMPACT FEES NECESSARY?

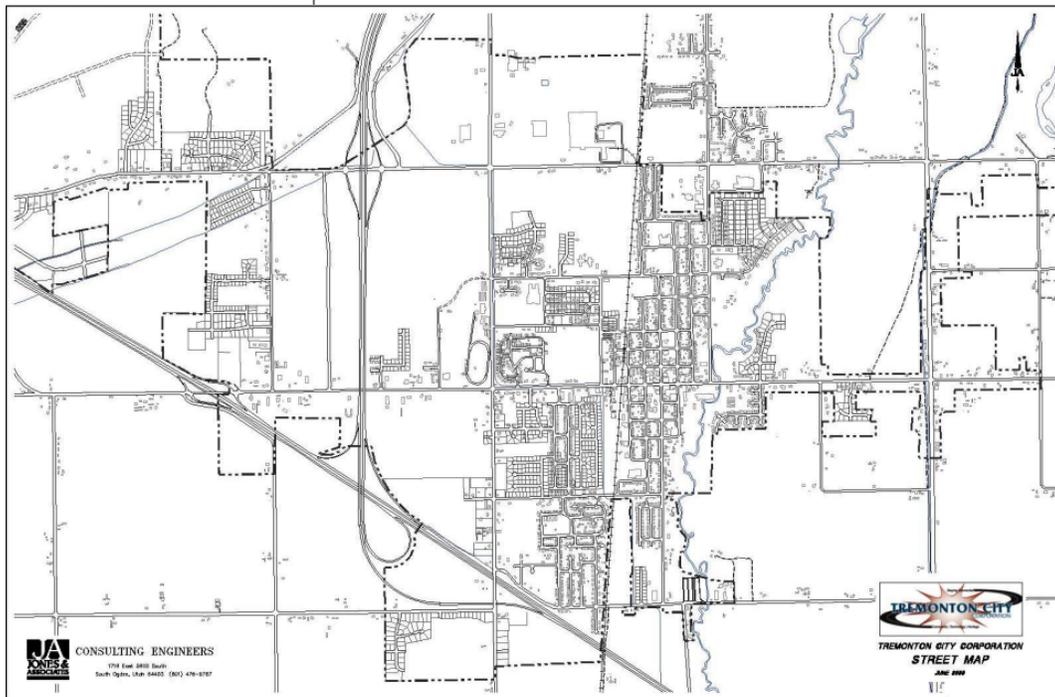
Impact fees are necessary to allocate the costs of the City's unused Wastewater Treatment Plant capacity that is reserved for future developments that will benefit from the unused capacity. Impact fees help to mitigate existing users from shouldering the burden of paying not only for the capacity that they use but also from funding the cost of capacity needed for future development/ new growth to occur.

WHERE WILL THE IMPACT FEES BE ASSESSED?

The impact fees will be assessed within the City's Wastewater Treatment Plant Service Area, which includes the entire area of the incorporated limits of Tremonton City and any area outside of Tremonton City, which may hereafter be annexed into Tremonton City or serviced by the Tremonton City Wastewater Treatment Plant which currently includes the incorporated limits of Garland City and any area outside of Garland City, which may hereafter be annexed into Garland City. Figure 2 below is a detailed map of the current Tremonton City Boundary. However, the fee will be assessed within Garland City as well; however, a map of Garland City and Tremonton City was not available at the time of this analysis. In short, if a developer is requesting a building permit and will be served by the City's Wastewater Treatment Plant then that property is included in the Service Area, including Garland City. The proposed impact fees will be assessed throughout the entire Impact Fee Service Area and the planned annexation boundaries as they are incorporated into Tremonton City or Garland City.

Tremonton: Wastewater Treatment Plant Impact Fee Analysis

Figure 1: Current Service Area Map



WHAT COSTS ARE INCLUDED IN THE IMPACT FEE?

Impact fee revenues may not be spent on capital projects/system improvements or associated costs, such as financing interest expense that constitute repair and replacement, curing any existing deficiencies, meeting increased regulatory standards, or maintaining the existing level of service for current users. Impact fees also cannot fund operational expenses.

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

- Costs of replacement facilities that are needed to perpetuate unused capacity in the system that growth will require;
- New capital infrastructure/system improvements that provides new capacity for growth;
- Historic costs of existing improvements that provide capacity that will serve new development/growth; and
- Cost of professional services for engineering, planning services and preparation of the Impact Fee Facilities Plan and Impact Fee Analysis.

WHAT COSTS ARE NOT INCLUDED IN THE IMPACT FEE?

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

- Projects that cure deficiencies for existing users;
- Projects that increase the level of service 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;
- Costs that are attributed to meeting new regulations for wastewater treatment; or
- Costs of reconstruction of facilities that do not have capacity to serve new growth.

HOW ARE IMPACT FEES CALCULATED?

To calculate a fair impact fee the Impact Fee Analysis determined a growth related cost of existing and future facilities and divided that by the number of new ERUs that will benefit from the unused capacity. A cost per equivalent residential unit is calculated by dividing impact fee qualifying cost by the amount of capacity. This cost per equivalent residential unit of capacity is then multiplied by the amount of demand that a typical single-family detached residential home, or ERU, would utilize.

The general impact fee methodology splits the capacity in existing facilities and future capital projects/system improvements between that which already benefits existing users and capacity that which is available to benefit new growth. A cost is assigned to the capacity that is available for new growth based upon the historic cost of the Wastewater Treatment Plant and the future eligible costs of the Wastewater Treatment Plant. A final fee for residential or non-residential land use is calculated by multiplying the cost per ERU by the number of ERUs that each new unit of development will generate in needed wastewater treatment services.

HOW ARE SCHOOLS CONSIDERED IN THIS ANALYSIS?

The Impact Fees Act, Title 11-36a of the Utah Code allows the City the ability to charge an impact fee for a school facility's impact on the City's Wastewater Treatment Plant. The Wastewater Treatment Plant Impact Fee Analysis quantifies the cost per ERU. The wastewater demand of a school must be defined in terms of an ERU and the fee will be charged accordingly.

CHAPTER 2: FUTURE CAPITAL PROJECTS AND LEVEL OF SERVICE

IMPACT FEE ANALYSIS REQUIREMENTS

Growth and ERU Projections

According to the 2015 Wastewater Treatment Plant Capital Facilities Plan & Impact Fee Facilities Plan and the growth projections completed by Zions, the 2010 population was 7,647⁵. Population is important in the Capital Facilities and Impact Fee Facilities planning as population, and other factors, drive project need and timing. However, this Impact Fee Analysis is not population dependent. The driving force is the number of ERUs currently existing and projected to be served. Currently the City has 3,257 equivalent units. In the next ten years it is anticipated that the City (including Garland) will grow to 4,194 ERUs (an increase of 2,252 ERUs). The ERUs are displayed below.

Figure 2: ERUs

ERUs Added Per Year**		
2015	3,257	
2016	3,345	88
2017	3,433	88
2018	3,520	88
2019	3,608	88
2020	3,696	88
2021	3,796	100
2022	3,895	100
2023	3,995	100
2024	4,094	100
2025	4,194	100
Growth		937
Total ERUs Projects Will Serve*	2,252	

⁵ Aqua Engineering IFFP pg. 51

** Residential ERUs only

There will be significant growth expected within the Service Area's boundaries and increased demand on the City's Wastewater Treatment Plant which will require new Wastewater Treatment Plant projects to meet further demand.

Level of Service Definitions

The 2015 Wastewater Treatment Plant Capital Facilities Plan & Impact Fee Facilities Plan prepared by Aqua Engineering has defined the level of service for one typical detached single family dwelling⁶ as:

- Flow: One ERU is equivalent to 350 gpd of wastewater flow
- BOD: One ERU is equivalent to 0.77 #BOD/day (or 0.22 # BOD per person per day).
- TSS: One ERU is equivalent to 0.70 #TSS/day (or 0.20 # TSS per person per day).

The City will perpetuate the existing level of service for flow and strength into the future for new growth.

⁵ 2010 Census Data

⁶ Page 48 Aqua Engineering WWTP 2015 Capital Facilities Plan and Impact Fee Facilities Plan

Existing Infrastructure and Capacity to Serve New Growth (Buy-In Component)

Appendix 3 provides expense summary report for the assets owned and operated by Tremont on for the Wastewater Treatment Plant. An analysis has been completed to identify the capacity to serve new growth and the amount of funds which can be charged as a buy-in for future users. Specifically, Aqua Engineering in their 2015 Wastewater Treatment Plant Capital Facilities Plan and Impact Fee Analysis identifies that 538 ERUs remain at the existing Wastewater Treatment Plant. The 538 ERUs represent 9.92% of the WWTP's total capacity (1.9 MGD). Thus, the calculated buy-in value eligible for impact fees for the remaining 538 ERUs to be served by the existing WWTP is 9.92% of the historic cost, or \$569,160.88.

Sanitary Sewer Collection

The City also owns and operates a sanitary sewer collection system; however, this impact fee analysis only considers the Wastewater Treatment Plant.

Impact Fee Facilities Plan – Future Capital Projects

The 2015 Wastewater Treatment Plant Capital Facilities Plan & Impact Fee Facilities Plan developed the following capital projects, and helped (along with City staff) to determine the timing of projects and identified what was growth related, and of that amount, how much of the total capacity will be realized in the next ten years (percentage Impact Fee Qualifying & Non-Impact Fee Qualifying Cost). The 2015 fiscal year cost of capital improvements in Table 4-10 of the IFFP is \$11,016,512 (\$9,555,052 is impact fee qualifying). Zions has added a 2.37% inflation factor and a future value has been calculated equaling \$11,892,489. 87% of the future value will be included into the impact fee, or \$10,324,485.

Figure 3: Capital Projects

Project Name	Year to be Constructed	FY 2015 Cost	Construction Cost*	% to Growth	Impact Fee Qualifying Cost	Non Impact Fee Qualifying
Dewatering Screw Press & Conveyor	2016	\$ 803,660	\$822,733.26	100%	\$ 822,733	\$ -
WWTP Transmission Line Upgrades	2018	2,180,542	2,451,873	100%	2,451,873	-
Headworks Screen/Washpactor	2018	343,200	368,220	100%	368,220	-
Anaerobic/Anoxic Basins	2018	1,461,460	1,568,004	0%	-	1,568,004
Additional Aeration Basin	2018	1,818,960	1,951,566	100%	1,951,566	-
Final Clarifier	2018	1,452,880	1,558,798	100%	1,558,798	-
UV Disinfection	2018	178,750	191,781	100%	191,781	-
Aerobic Digester	2018	2,062,060	2,212,389	100%	2,212,389	-
Compost Facility Expansion	2018	715,000	767,125	100%	767,125	-
Six to Ten Year Total		\$ 11,016,512	\$ 11,892,489	87%	\$ 10,324,485	\$ 1,568,004

*Based on 10 years average cost of inflation using the Bureau of Labor Statistics

See Also: Aqua Engineering IFFP Table 4-10

Outstanding and Future Debt

Tremont on currently has no outstanding debt related to the Wastewater Treatment Plant related debt; however, it is anticipated that the City will have to seek bond financing in order to fund the recommended upgrades to the WWTP. The City needs to spend approximately \$11M in 2018 and it is not likely that the City would be able to cash fund this amount of money, the City will likely need to bond for the Wastewater Treatment Plant expansion project at that time. A wastewater revenue bond is anticipated to be issued in 2018 for the project. After the Cost of Issuance is considered the principal amount will equal \$11.3M. The total debt service is approximately \$16M with a 20 year debt at 3.5% Coupon. The figure below details the debt service schedule. The 2018 project is impact fee qualifying with the respective allocation to growth as identified in the 2015 Wastewater Treatment Plant Capital Facilities Plan & Impact Fee Facilities Plan.

Tremonton: Wastewater Treatment Plant Impact Fee Analysis

Figure 4: Proposed Series 2018 Wastewater Revenue Bond Debt Service Schedule

Year	Principal	Coupon	Interest	Annual Total
2019	\$ 564,558	3.50%	\$ 229,900	\$ 794,458
2020	564,558	3.50%	229,900	794,458
2021	564,558	3.50%	229,900	794,458
2022	564,558	3.50%	229,900	794,458
2023	564,558	3.50%	229,900	794,458
2024	564,558	3.50%	229,900	794,458
2025	564,558	3.50%	229,900	794,458
2026	564,558	3.50%	229,900	794,458
2027	564,558	3.50%	229,900	794,458
2028	564,558	3.50%	229,900	794,458
2029	564,558	3.50%	229,900	794,458
2030	564,558	3.50%	229,900	794,458
2031	564,558	3.50%	229,900	794,458
2032	564,558	3.50%	229,900	794,458
2033	564,558	3.50%	229,900	794,458
2034	564,558	3.50%	229,900	794,458
2035	564,558	3.50%	229,900	794,458
2036	564,558	3.50%	229,900	794,458
2037	564,558	3.50%	229,900	794,458
2038	564,558	3.50%	229,900	794,458
Total	\$ 11,291,151		\$ 4,598,000	\$ 15,889,150

CHAPTER 3: PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act requires that an impact fee analysis estimate the proportionate share of the costs for existing capacity that will be recouped; and the costs of impacts on system improvements (as defined by the Utah Impact Fees Act) that are reasonably related to the future development activity.

Tremonton continues to grow and there remains a lot of developable land. The Wastewater Treatment Plant Capital Facilities Plan & Impact Fee Facilities Plan clearly defines what projects are growth related, repair and replacement, or otherwise non-impact fee qualifying.

Part of the proportionate share analysis is a consideration of the manner of funding existing public facilities. Historically the City has funded existing infrastructure through several different funding sources such as:

- General Fund Revenues
- User Rates
- Grants
- Bond Proceeds
- Developer Exactions
- Impact Fees

In calculating the buy-in component (for existing Wastewater Treatment Plant capacity) of this analysis no grant funded infrastructure has been included. In order to ensure fairness to existing users, impact fees are an appropriate means of funding future capital infrastructure/system improvement. Using impact fees places a burden on future users that is equal to the burden that was borne in the past by existing users (Utah Impact Fees Act, 11-36a-304(2)(c)(d)).

Just as existing infrastructure has been funded through different means; it is required by the Impact Fees Act to evaluate all means of funding future improvements to the Wastewater Treatment Plant. There are positive and negative aspects to the various forms of funding. It is important to evaluate each.

General Fund/User Rates

The general fund and user rates have both been funded in one form or another by existing users. It would be an additional burden to existing users to use this revenue source to fund future capital infrastructure/ system improvements to meet the needs of future users. This is not an equitable policy and can place too much stress on the tight budgets of the general fund and other user rate funds. The wastewater treatment rates in Tremonton are dedicated to fund operation and maintenance, repair and replacement and ensuring a stable reserve for maintaining a good credit rating. If rate revenues are required to supplement the capital required by growth, the City will reimburse the user rate fund with impact fees as they are collected and act as a loan to the impact fee fund to be repaid.

Property Taxes

It is true that property taxes may be a stable source of income. However, property taxes are not based on impact placed upon a system. Property taxes are based upon property valuation. Using property taxes to fund future capital infrastructure/ system improvements again places too much burden on existing users and subsidizes growth. The financial audits for the City do not show a line item for property taxes as a revenue stream for the Wastewater Treatment Fund Utility, thus any property taxes collected on the property being developed is not being used to fund infrastructure or operation and maintenance of the Wastewater Treatment Plant.

Tremonton: Wastewater Treatment Plant Impact Fee Analysis

Bond Proceeds

Based on lack of impact fee reserves and cash funding available for the Wastewater Treatment Plant projects needed for the future, the City anticipates issuing debt for capital projects. It is important to note that it is anticipated the impact fees will fund the eligible portions of the proposed debt.

Impact Fees

Impact fees are a fair and equitable means of providing expansion of the Wastewater Treatment Plant for future development. Impact fees provide a rational nexus between the costs borne in the past and the costs required in the future. The Impact Fees Act ensures that future development is not paying any more than what future growth will demand. Existing users and future users receive equal treatment; therefore, impact fees are the optimal funding mechanism for future growth related improvements of the Wastewater Treatment Plant.

Developer Credits

If a project included in the Impact Fee Facilities Plan (or a project that will offset the demand for a system improvement as defined by the Utah Impact Fees Act, which is listed in the IFFP) is constructed by a developer then that developer is entitled to a credit against impact fees owed or impact fee reimbursement (Utah Impact Fees Act, 11-36a-304(2)(f)).

Time-Price Differential

Utah Code 11-36a-301(2)(h) allows for the inclusion of a time-price differential in order to create fairness for amounts paid at different times. To address the time-price differential, this analysis includes an inflationary component to account for construction inflation for future projects. Projects constructed after the year 2015 will be calculated at a future value with a 2.37% inflation rate. All users who pay an impact fee today or within the next six to ten years will benefit from projects to be constructed and included in the fee.

CALCULATED FEE

The impact fees have been calculated with all the above considerations for the Service Area, including the City's areas in the Annexation Declaration. Garland City future development will also be assessed this fee by Garland and remitted back to Tremonton City. The fee is calculated per a single ERU. The fee per ERU can be found in Figure 7. These tables can also be found in Appendix 5.

The Tremonton City Council has the discretion to set the actual impact fees to be assessed, but they may not exceed the maximum allowable fee calculated of \$6,602 per ERU. The City may, on a case by case basis, work directly with a developer to adjust the standard impact fee to respond to unusual circumstances and ensure that impact fees are imposed fairly. This adjusted impact fee calculation will be based on the cost per equivalent residential unit defined above and multiplied by the number of ERUs created by the applicable development type.

Figure 5: Fee per ERU

Component	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Treatment Impact Fee					
IFFP Projects	\$ 11,892,489	86.8%	\$ 10,324,485	2,252	\$ 4,585
Buy In - Existing Assets	5,736,900	9.9%	569,161	2,252	253
Series 2018 Bond Proceeds	(11,291,151)	85.8%	(9,691,787)	2,252	(4,304)
Series 2018 Debt Service	15,889,150	85.8%	13,638,491	2,252	6,056
Professional Expenses	26,790	100.0%	26,790.00	2,252	12
Subtotal	\$ 22,254,179	100.0%	\$ 14,867,141		\$ 6,602
Total Impact Fee Per ERU					\$ 6,602

Tremonton: Wastewater Treatment Plant Impact Fee Analysis

The table below summarizes the impact fee for residential and non-residential users. As previously stated, one ERU is equivalent to a single family residential unit. Residential units are assessed an impact fee per unit while non-residential units are assessed an impact fee calculated per gallon of estimated winter-time indoor water demand. The cost per gallon is calculated by taking \$6,602 (impact fee per ERU) divided by 350 (gpd demand per one ERU) to arrive at a cost of \$18.86 per gallon.

Figure 6: Impact Fee per Land Use Category

RESIDENTIAL				
Development Type	Indoor Use (gpd)	ERU Equivalent	Impact Fee	
Single Family Residential	350	1	\$	6,602
Multi-Family Residential (per Unit)	229	0.65		4,318
NON-RESIDENTIAL				
			Impact Fee per Gallon*	
Impact Fee per Gallon of Wastewater (winter month average GPD):			\$	18.86

*\$18.86 is multiplied by the estimated winter month gallons per day as determined by City building officials at time of building permit issuance.

CHAPTER 4: CERTIFICATION AND LEGAL NOTICES

Impact Fee 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. offsets 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, Inc. 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 document or in the Impact Fee Analysis (IFA) document are followed in their entirety by Tremonton staff and elected officials.
2. If all or a portion of the IFFP or IFA are modified or amended, this certification is no longer valid.
3. All information provided to Zions Public Finance, Inc., its contractors or suppliers is assumed to be correct, complete and accurate. This includes information provided by Tremonton and outside sources.

Dated: January 5, 2016

ZIONS PUBLIC FINANCE, INC.

Notice of Intent to Amend Impact Fees

PUBLIC NOTICE

Public Body: Tremonton City Council

Subject: Notice of Intent/Preparation of Impact Fee Facilities Plan and Impact Fee Analysis

Notice Title: Notice of Intent/Preparation

Notice Type: Notice of Intent to Prepare Impact Fee Facilities Plan and Impact Analysis

Notice Date: August 19, 2014

Description/Agenda:

Tremonton City Corporation, Utah in accordance with the requirements of Utah Code Annotated 11-36a-501 and 11-36a-503, posts a notice of its intent to prepare or amend an Impact Fee Facilities Plan and Impact Fee Analysis for the Tremonton City Wastewater Treatment Plant. The location(s) that will be included in the Impact Fee Facilities Plan and Impact Fee Analysis is/are all area within the legal Tremonton City limits and the declared annexation areas of Tremonton City, Utah; additionally, since Garland City, Utah is currently connected to the Tremonton City Wastewater Treatment Plant all of the legal Garland City limits and the declared annexation areas of Garland City, Utah are also included.

Notice of Special Accommodations: If you need special accommodations to participate in a City Council Meeting, please call the City Recorder, Darlene S. Hess, at 435-257-9505. Please provide at least 24 hours' notice for adequate arrangements to be made.

Notice of Electronic or telephone participation: Tremonton City passed Ordinance No. 13-04 approving Electron Meeting Procedures in accordance with Section 52-4-207 of Utah Code Annotated.

Published in the Leader on August 27, 2014.

Notice of Impact Fee Public Hearing

PUBLIC NOTICE

Public Body: Tremonton City Council

Subject: Impact Fee Enactment

Notice Title: Notice to Adopt Wastewater Treatment Plant Impact Fee Enactment, including but not limited to, the Wastewater Treatment Plant Impact Fee Ordinance and Impact Fee Analysis

Notice Type: Notice to Adopt Impact Fee Enactment

Notice Date: January 8, 2016

Description/Agenda:

Tremonton City Corporation, Utah in accordance with the requirements of Utah Code Annotated 11-36a-504, gives public notice to adopt a Wastewater Treatment Plant Impact Fee Enactment including but not limited to Impact Fee Ordinance and Impact Fee Analysis for Wastewater Treatment Plant. The location(s) that are included in the Impact Fee Enactment is the entire area of the incorporated limits of Tremonton City and any area outside of Tremonton City, which may hereafter be annexed into Tremonton City or serviced by the Tremonton City Wastewater Treatment Plant which currently includes the incorporated limits of Garland City and any area outside of Garland City, which may hereafter be annexed into Garland City.

A public hearing shall be held by the City Council on January 19, 2016, at 7:00 pm or soon thereafter in the Tremonton City Council Chambers, located at 102 S. Tremont Street, Tremonton, Utah 84337, to receive public comment on the adoption of the aforementioned Wastewater Treatment Plant Impact Fee Enactment. Draft copies of: (1) the Wastewater Treatment Plant Impact Fee Enactment Ordinance; (2) a summary of the Wastewater Treatment Plant Impact Fee Analysis; and (3) a complete draft of the Wastewater Treatment Plant Impact Fee Analysis will be available on or before January 8, 2016 at www.tremontoncity.com, at the Tremonton City Library located at 210 N. Tremont Street, Tremonton, Utah, and the Satellite Library Branch located in the Bear River Valley Senior Center located at 510 West 1000 North, Tremonton, Utah during regular business hours. Additionally, on or before January 8, 2016, copies of the aforementioned documents are available to the public at the Tremonton City Recorder's Office located at 102 S. Tremont Street, Tremonton Utah during regular business hours. The public may file written objection associated with the adoption of the Wastewater Treatment Plant Impact Fee Enactment for the Tremonton City Council's consideration. Written objections, questions pertaining to this notice, or contents of the Impact Fee Enactment may be directed to Shawn Warnke, Tremonton City Manager, at (435) 257-9504, swarnke@tremontoncity.com, or mailed to Shawn Warnke, 102 S. Tremont St. Tremonton, UT 84337.

Notice of Special Accommodations: If you need special accommodations to participate in a City Council Meeting, please call the City Recorder, Darlene S. Hess, at 435-257-9505. Please provide at least 24 hours notice for adequate arrangements to be made.

Notice of Electronic or telephone participation: Tremonton City passed Ordinance No. 13-04 approving Electronic Meeting Procedures in accordance with Section 52-4-207 of Utah Code Annotated.

APPENDIX

**Appendix 1:
CURRENT AND FUTURE ERUs**

	A	B	C	D	E	F	
1	Wastewater Treatment Plant Flow				MGD Projections		1
2		Current Avg. Daily Flow	Buildout Avg. Daily Flow				2
3	Current MGD ¹	1.50	4.00		2015	1.50	3
4					2016	1.57	4
5	¹ Aqua Engineering City of Tremonton WWTP Capital Facilities Plan & IFFP pg. 6				2017	1.63	5
6					2018	1.70	6
7	ERUs Added Per Year**				2019	1.77	7
8	2015	3,257			2020	1.83	8
9	2016	3,345	88		2021*	1.90	9
10	2017	3,433	88		<i>*Source: Aqua Engineering IFFP pg. 6</i>		10
11	2018	3,520	88				11
12	2019	3,608	88				12
13	2020	3,696	88				13
14	2021	3,796	100				14
15	2022	3,895	100				15
16	2023	3,995	100				16
17	2024	4,094	100				17
18	2025	4,194	100				18
19	Growth		937				19
20	Total ERUs Projects Will Serve*	2,252					20
21	¹ Aqua Engineering IFFP pg. 51						21
22	^{**} Residential ERUs only						22

A B C D E F

**Appendix 2:
CAPITAL PROJECTS - IMPACT FEE FACILITIES PLAN**

Inflation Rate*	2.37%
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	A	B	C	D	E	F	G
	Project Name	Year to be Constructed	FY 2015 Cost	Construction Cost*	% to Growth	Impact Fee Qualifying Cost	Non Impact Fee Qualifying
1							
2	Dewatering Screw Press & Conveyor	2016	\$ 803,660	\$822,733.26	100%	\$ 822,733	\$ -
3	WWTP Transmission Line Upgrades	2018	2,180,542	2,451,873	100%	2,451,873	-
4	Headworks Screen/Washpactor	2018	343,200	368,220	100%	368,220	-
5	Anaerobic/Anoxic Basins	2018	1,461,460	1,568,004	0%	-	1,568,004
6	Additional Aeration Basin	2018	1,818,960	1,951,566	100%	1,951,566	-
7	Final Clarifier	2018	1,452,880	1,558,798	100%	1,558,798	-
8	UV Disinfection	2018	178,750	191,781	100%	191,781	-
9	Aerobic Digester	2018	2,062,060	2,212,389	100%	2,212,389	-
10	Compost Facility Expansion	2018	715,000	767,125	100%	767,125	-
11	Six to Ten Year Total		\$ 11,016,512	\$ 11,892,489	87%	\$ 10,324,485	\$ 1,568,004

12 *Based on 10 years average cost of inflation using the Bureau of Labor Statistics

13 See Also: Aqua Engineering IFFP Table 4-10

A B C D E F G

Appendix 3:
 ASSETS
 Wastewater Treatment Plant

	A	B	C	
1	Description	Historic Cost	Impact Fee Qualifying Cost	1
2	Buildings & Structures	\$ 1,361,305.63	\$ 501,721.28	2
3	WWTP	5,332,540.78	5,183,573.58	3
4	Land	35,150.00	35,150.00	4
5	Improvements	16,455.25	16,455.25	5
6	Vehicles	189,895.56	-	6
7				7
8				8
9				9
10		\$ 6,935,347	\$ 5,736,900	10
11	Impact Fee Qualifying Cost		\$ 5,736,900	11

12 Source: Tremonton City Book Asset Detail FYE 6/30/2015, Aqua Engineering IFFP pg. 49

A B C

**Appendix 4:
Future Debt
Proposed Series 2018 Sewer Treatment Bond**

Construction Proceeds \$ 11,069,756

	A	B	C	D	E	F	G	H	
1	Year	Principal	Coupon	Interest	Annual Total		Assumptions		1
2	2019	\$ 564,558	3.50%	\$ 229,900	\$ 794,458		Cost of Issuance	2%	2
3	2020	564,558	3.50%	229,900	794,458		Total	2%	3
4	2021	564,558	3.50%	229,900	794,458		Par Amount	\$ 11,291,151	4
5	2022	564,558	3.50%	229,900	794,458				5
6	2023	564,558	3.50%	229,900	794,458				6
7	2024	564,558	3.50%	229,900	794,458				7
8	2025	564,558	3.50%	229,900	794,458				8
9	2026	564,558	3.50%	229,900	794,458				9
10	2027	564,558	3.50%	229,900	794,458				10
11	2028	564,558	3.50%	229,900	794,458				11
12	2029	564,558	3.50%	229,900	794,458				12
13	2030	564,558	3.50%	229,900	794,458				13
14	2031	564,558	3.50%	229,900	794,458				14
15	2032	564,558	3.50%	229,900	794,458				15
16	2033	564,558	3.50%	229,900	794,458				16
17	2034	564,558	3.50%	229,900	794,458				17
18	2035	564,558	3.50%	229,900	794,458				18
19	2036	564,558	3.50%	229,900	794,458				19
20	2037	564,558	3.50%	229,900	794,458				20
21	2038	564,558	3.50%	229,900	794,458				21
22	Total	\$ 11,291,151		\$ 4,598,000	\$ 15,889,150				22

A B C D E F G H

Appendix 5:
 BASE FEE PER ERU
 Tremonton Impact Fee

A B C D E F

Base Fee Per ERU

Component	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Treatment Impact Fee					
IFFP Projects	\$ 11,892,489	86.8%	\$ 10,324,485	2,252	\$ 4,585
Buy In - Existing Assets	5,736,900	9.9%	569,161	2,252	253
Series 2018 Bond Proceeds	(11,291,151)	85.8%	(9,691,787)	2,252	(4,304)
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Total Impact Fee Per ERU					\$ 6,602

Impact Fee per Development Type

RESIDENTIAL				
Development Type	Indoor Use (gpd)	ERU Equivalent	Impact Fee	
Single Family Residential	350	1	\$ 6,602	
Multi-Family Residential (per Unit)	229	0.65	4,318	
NON-RESIDENTIAL				
			Impact Fee per Gallon*	
Impact Fee per Gallon of Wastewater (winter month average GPD):			\$ 18.86	

*\$18.86 is multiplied by the estimated winter month gallons per day as determined by City building officials at time of building permit issuance.

A B C D E F