

IMPACT FEE ANALYSIS (IFA)

PURSUANT TO 11-36A, UTAH CODE

STORM DRAIN FACILITIES

NOVEMBER 2020

CITY OF ST. GEORGE, UTAH





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IMPACT FEE CERTIFICATION

IFA CERTIFICATION

Lewis Young Robertson & Burningham, Inc. certifies that the Impact Fee Analysis prepared for storm drain services:

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;
 - d. offsets costs with grants or other alternate sources of payment; and,
3. Complies in each and every relevant respect with the Impact Fees Act.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

SECTION 1: EXECUTIVE SUMMARY

The purpose of the Storm Drain Impact Fee Analysis ("IFA") is to fulfill the requirements established in Utah Code Title 11 Chapter 36a, the "Impact Fees Act", and assist the City of St. George (the "City") in financing and constructing necessary capital improvements for future growth. This document will address the future storm drain infrastructure needed to serve the service area through the next ten years, as well as the appropriate impact fees the City may charge to new growth to maintain the existing level of service ("LOS"). The Storm Drain ("Master Plan") and the Storm Drain Impact Fee Facilities Plan ("IFFP"), both prepared by Bowen Collins and Associates ("BC&A") in December 2019, as well as input from the City, provide much of the information utilized in this analysis.

- ☞ **Impact Fee Service Area:** The service area for storm drain impact fees includes all areas within the City, as shown in **FIGURE 3.1**.
- ☞ **Demand Analysis:** The demand units utilized in this analysis are based on undeveloped residential and commercial land and the new impervious surface (measured in square feet) generated from these land use types. As residential and commercial growth occurs within the City, additional impervious surface will generate additional run-off. The storm drain capital improvements identified in the IFFP are based on maintaining the current level of service.
- ☞ **Level of Service:** Impact fees cannot be used to finance an increase in the level of service to current or future users of capital improvements. The IFFP identifies the future storm drain system improvements that are needed to manage the runoff caused by ten-year and 100-year events. Therefore, the City's storm drain infrastructure is sized to manage runoff safely and adequately from the storm intensities and durations indicated in the Impact Fee Facilities Plan.
- ☞ **Excess Capacity:** The IFFP in **Section 4** identifies the percentage of existing facilities that the ten-year demand will use is 15.3 percent with an estimated buy-in component is \$714,462 based upon a total asset value of \$4,669,686.
- ☞ **Capital Facilities Analysis:** The total estimated construction year cost for capital projects needed over the next ten years equals \$48,731,285. Approximately \$14,803,733 has been identified as growth-related capital improvements that are impact fee eligible.
- ☞ **Funding of Future Facilities:** This analysis assumes future growth-related facilities will be funded on a pay-as-you-go basis when possible, utilizing impact fee and utility fee revenues to pay for capital facilities.

PROPOSED STORM DRAIN IMPACT FEE

The IFFP must meet the legislative requirements found in the Impact Fee Act if it is to serve as a working document in the calculation of impact fees. The calculation of impact fees relies upon the information contained in this analysis. Impact fees are then calculated based on many variables centered on proportionality share and LOS.

STORM DRAIN IMPACT FEE CALCULATION

TABLES 1.1 and **1.2** illustrate the appropriate buy-in fee, the fee associated with projects occurring in the next ten years, and other costs related to the storm drain impact fee. The proportionate share analysis determines the proportionate cost assignable to new development based on the proposed capital projects and the estimated impervious surface demand served by the proposed projects.

TABLE 1.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	TOTAL COST	% ATTRIBUTED TO 10-YEAR DEMAND	COST ATTRIBUTED TO 10-YEAR DEMAND	DEMAND SERVED (IMP. AREA SF)	COST PER IMP. SF
Buy-In to Existing Facilities	4,669,686	15.3%	\$714,462	101,146,320	\$0.0071
Future Facilities	\$48,731,285	30.4%	\$14,803,733	101,146,320	\$0.1464
Professional Expense	\$7,425	100.0%	\$7,425	101,146,320	\$0.0001
Total Fee per Impervious SF					\$0.1536

TABLE 1.2: IMPACT FEE BY DEVELOPMENT TYPE

DEVELOPMENT TYPE	TOTAL IMP. SURFACE (SF)	COST PER IMP. SF	IMPACT FEE PER UNIT	2014 IMPACT FEE	% CHANGE	\$ CHANGE
Low Density Residential	5,082	\$0.1536	\$781	\$512	53%	\$269
Medium/High Density Residential	3,267	\$0.1536	\$502	\$329	53%	\$173
Commercial/Office	950	\$0.1536	\$146	\$96	52%	\$50
Industrial	900	\$0.1536	\$138	\$91	52%	\$47

See Table 3.2 for Calculation of Impervious Surface SF by Development Type



NON-STANDARD STORM DRAIN IMPACT FEES

The City reserves the right under the Impact Fees Act to assess an adjusted fee that more closely matches the true impact that the land use will have upon public facilities.¹ This adjustment could result in a different impact fee if the City determines that a particular user may create a different impact than what is standard for its land use. The formula for calculating a non-standard impact fee is shown below.

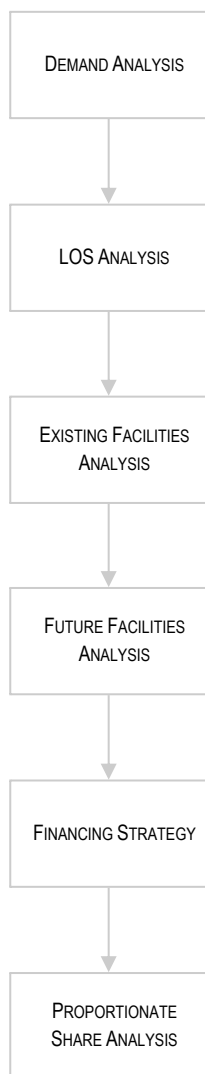
FORMULA FOR NON-STANDARD STORM DRAIN IMPACT FEES:

Total impervious SF x Base cost per impervious SF (\$0.1536) = Impact Fee

¹ UC 11-36a-402(1)(c)

SECTION 2: GENERAL IMPACT FEE METHODOLOGY

FIGURE 2.1: IMPACT FEE METHODOLOGY



The purpose of this study is to fulfill the requirements of the Impact Fees Act regarding the establishment of an IFA². The IFFP, completed by BC&A, is designed to identify the demands placed upon the City's existing facilities by future development and evaluate how these demands will be met by the City, as well as the future improvements required to maintain the existing LOS. The purpose of the IFA is to proportionately allocate the cost of the new facilities and any excess capacity to new development, while ensuring that all methods of financing are considered. The following elements are important considerations when completing an IFA.

DEMAND ANALYSIS

The demand analysis serves as the foundation for this analysis. This element focuses on a specific demand unit related to each public service – the existing demand on public facilities and the future demand as a result of new development that will impact system facilities.

LEVEL OF SERVICE ANALYSIS

The demand placed upon existing public facilities by existing development is known as the existing LOS. Through the inventory of existing facilities, combined with the growth assumptions, this analysis identifies the LOS which is provided to a community's existing development and ensures that future facilities maintain these standards.

EXISTING FACILITY INVENTORY

In order to quantify the demands placed upon existing public facilities by new development activity, the analysis provides an inventory of existing system facilities. The inventory of existing facilities is important to properly determine the excess capacity of existing facilities and the utilization of excess capacity by new development. Any excess capacity identified within existing facilities can be apportioned to new development.

FUTURE CAPITAL FACILITIES ANALYSIS

The demand analysis, existing facility inventory and LOS analysis allow for the development of a list of capital projects necessary to serve new growth and to maintain the existing system. This list includes any excess capacity of existing facilities, as well as future system improvements necessary to maintain the level of service. Any demand generated from new development that overburdens the existing system beyond the existing capacity justifies the construction of new facilities.

FINANCING STRATEGY

This analysis must also include a consideration of all revenue sources, including impact fees, future debt costs, alternative funding sources and the dedication of system improvements, which may be used to finance system improvements.³ In conjunction with this revenue analysis, there must be a determination that impact fees are necessary to achieve an equitable allocation of the costs of the new facilities between the new and existing users.⁴

PROPORTIONATE SHARE ANALYSIS

The written impact fee analysis is required under the Impact Fees Act and must identify the impacts placed on the facilities by development activity and how these impacts are reasonably related to the new development. The written impact fee analysis must include a proportionate share analysis, clearly detailing each cost component and the methodology used to calculate each impact fee. A local political subdivision or private entity may only impose impact fees on development activities when its plan for financing system improvements establishes that impact fees are necessary to achieve an equitable allocation of the costs borne in the past and to be borne in the future (UCA 11-36a-302).

²UC 11-36a-301,302,303,304

³ UC 11-36a-302(2)

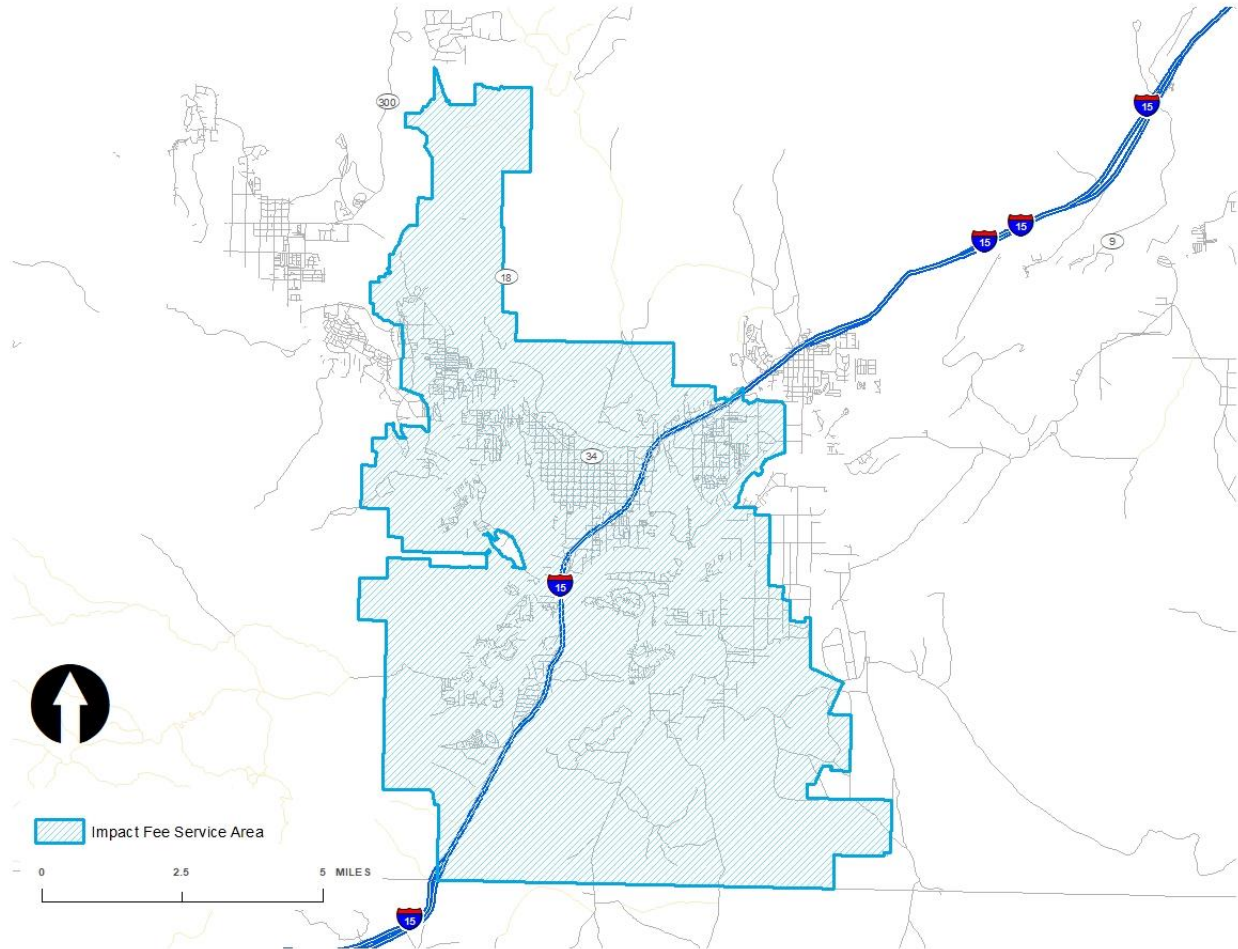
⁴ UC 11-36a-302(3)

SECTION 3: OVERVIEW OF SERVICE AREA AND DEMAND ANALYSIS

SERVICE AREA

Utah Code requires the impact fee enactment to establish one or more service areas within which impact fees will be imposed.⁵ The service area for storm drain impact fees includes all areas within the City. It is anticipated that the growth projected over the next ten years will impact the City's existing services. Public facilities will need to be expanded in order to maintain the existing level of service. The IFFP, in conjunction with the impact fee analysis, are designed to accurately assess the true impact of a particular user upon the City's infrastructure.

FIGURE 3.1: STORM DRAIN IMPACT FEE SERVICE AREA



DEMAND UNITS

The demand unit used in this analysis is impervious surface square footage. As residential and commercial growth occurs within the City, the impervious surface within the City will increase, resulting in additional run-off. The storm drain capital improvements identified in this study are based on maintaining the current level of service as defined in the IFFP. The proposed impact fees are based upon the projected growth in impervious surface which is used to quantify the impact that future users will have upon the City's system. **TABLE 3.1** illustrates the current impervious square footage in the City. In 10 years the IFFP projects an additional 101,146,320 square feet of impervious area.

⁵ UC 11-36a-402(a)



TABLE 3.1: IMPERVIOUS SURFACE AREA PROJECTIONS

DEVELOPMENT TYPE	EXISTING DEVELOPED LAND (ACRES)	POST DEVELOPMENT PERCENT IMPERVIOUS	IMPERVIOUS AREA ASSOCIATED WITH EXISTING DEVELOPED LAND (ACRES)	IMPERVIOUS AREA IN 10 YEARS GROWTH (ACRES)	IMP AREA (SF)
Low Density Residential	7,506	35%	2,627	1,119	48,743,640
Medium/High Density Residential	988	60%	593	252	10,977,120
Commercial/Office	1,526	95%	1,450	618	26,920,080
Industrial	867	90%	780	332	14,461,920
Totals	10,887		5,450	2,322	101,146,320

Source: IFFP Section 5, pg.5-2

Numbers may not total due to rounding.

In order to determine the average impervious are for general land uses, this analysis utilizes the information relative to average units per acre as identified in the IFFP (See IFFP Table 5-3) and the post development impervious area by development type, as shown in **Table 3.2**.

TABLE 3.2: ESTIMATE OF IMPERVIOUS AREA SF BY DEVELOPMENT TYPE

RESIDENTIAL (PER DWELLING)	AVG. UNITS PER ACRE	AVG. LOT SIZE (SF)	% IMPERVIOUS	TOTAL IMP. SURFACE (SF)
Low Density Residential	3.00	14,520	35%	5,082
Medium/High Density Residential	8.00	5,445	60%	3,267
NON-RESIDENTIAL (PER 1,000 SF)				
Commercial/Office	NA	1,000	95%	950
Industrial	NA	1,000	90%	900

LEVEL OF SERVICE STANDARDS

Impact fees cannot be used to finance an increase in the level of service to current or future users of capital improvements. Therefore, it is important to identify the storm water level of service to ensure that the capacities of projects financed through impact fees do not exceed the established standard. The storm water level of service is summarized in **TABLE 3.3**. Additional information on LOS can be found in the IFFP.

TABLE 3.3: STORM DRAIN LEVEL OF SERVICE

Performance Area	Performance Standard
Allowable Release Rate	Design of drainage systems cannot cause increases in the flood peak discharges downstream from development for 10-year and 100-year storm events.
Conveyance Recurrence Interval	10-year storm event for pipes 100-year storm event for detention basins 100-year storm event with roadway conveyance
Pipeline Capacity – Maximum Ratio of Flow During Design Storm to Pipeline Capacity	1.0 (i.e. No surcharging)

No changes in the level of service are proposed for City of St. George. Future facilities will be constructed to meet the same performance standards identified for the existing level of service.



SECTION 4: EXISTING FACILITIES INVENTORY

EXCESS CAPACITY

The IFFP identifies a portion of existing facilities that will be used by the ten-year demand at 15.3 percent.⁶ To calculate the appropriate buy-in the City provided their most recent depreciation schedule. The asset values on this schedule were used to calculate a total existing value of storm drain facilities. Only infrastructure with a useable lifespan greater than ten years can be counted towards new development. A percentage of this cost will be assigned to new development. A summary of those costs is detailed below in **TABLE 4.1**.

TABLE 4.1: STORM DRAIN LEVEL OF SERVICE

ITEM DESCRIPTION	Purchase Year	Life	Useful Life	FY End Cost
400 EAST PIPELINES (PW CAP PROJ)	2003	40	23	\$43,608
IHC DRAINAGE SYSTEM (PW CAP PROJECTS)	2003	40	23	\$200,000
VALLEY VIEW DRAIN (PW CAP PROJECTS)	2003	40	23	\$65,691
INDIAN HILLS DRAIN	2004	40	24	\$133,692
RIVERSIDE HEIGHTS GROUNDWATER	2004	40	24	\$125,508
VALLEY VIEW DRAIN	2004	40	24	\$19,379
200 EAST CONNECTION (PW CAP PROJ)	2005	40	25	\$1,550,488
400 EAST PIPELINES (PW CAP PROJ)	2005	40	25	\$2,420,225
BLUFF ST & DIAGONAL (PW CAP PROJ)	2005	40	25	\$106,955
BLUFF ST & DIAGONAL	2004	40	24	\$2,068
400 EAST PIPELINES (PW CAP PROJ)	2006	40	26	\$2,072
Total				\$4,669,686

Source: City Depreciation Tables

MANNER OF FINANCING EXISTING PUBLIC FACILITIES

The City has funded existing facilities using several revenue sources including utility rate revenues, general fund revenues (property taxes, sales taxes, etc.), grants, donations, impact fee revenues and debt. Utility rate revenues serve as the primary funding mechanism within enterprise funds. Rates are established to ensure appropriate coverage of all operations and maintenance expenses, as well as debt service and capital project needs, while considering future impact fee revenue collections.

The City anticipates these funding mechanisms will be available for the funding of future facilities. As shown in the next section, the City has determined the portion of future projects that will be funded by impact fees as growth-related, system improvements, as well as alternative funding mechanism related to future facilities.

⁶ IFFP Section 4, p.4-1



SECTION 5: CAPITAL FACILITY ANALYSIS

The estimated costs attributed to new growth were analyzed based on existing development versus future development patterns. From this analysis, a portion of future development costs were attributed to new growth and included in this impact fee analysis as shown in **TABLE 5.1**. The costs of capital projects related to curing existing deficiencies cannot be funded through impact fees and were not included in the calculation of impact fees. The table below describes the specific capital improvements necessary to meet the future growth needs anticipated to occur within the City and region in the next ten-year period. The ten-year cost of \$13,319,733 was inflated by 2% per year to reflect the actual cost of projects at the time they will be constructed. The inflated cost is \$14,803,733.

TABLE 5.1: ILLUSTRATION OF CAPITAL IMPROVEMENTS RELATED TO GROWTH

PROJECT ID	PROJECT NAME	CONSTRUCTION YEAR	TOTAL ESTIMATED CONSTRUCTION COST (2019 DOLLARS)	INFLATED COST	% TO EXISTING	% TO 10-YEAR	% BEYOND 10-YEAR
30E140'	3050 East/350 North	2024	\$236,000	\$260,563	86%	4%	10%
9S	900 South/Rim Rock Wash	2021	\$201,000	\$209,120	66%	11%	23%
BC10	Dixie Drive/1650 South	2021	\$273,000	\$284,029	8%	29%	63%
BLF	Bluff Street	2026	\$4,384,000	\$5,035,838	63%	12%	25%
EF90	Commerce Drive	2020	\$684,000	\$697,680	28%	50%	22%
EVV70	Indian Hills Drive	2022	\$164,000	\$174,038	10%	15%	75%
EVV80	Indian Hills to Santa Clara River	2023	\$3,579,000	\$3,874,025	11%	18%	71%
G50	Plantation Drive	2028	\$1,282,000	\$1,532,109	38%	19%	43%
RRW40	770 North	2020	\$2,476,000	\$2,525,520	71%	9%	20%
SG100	Curly Hollow Drive	2029	\$1,035,000	\$1,261,659	29%	22%	49%
VRW10	Sunland Drive	2027	\$1,073,000	\$1,257,191	82%	6%	12%
WF	1100 South/2600 East	2022	\$9,029,000	\$9,581,647	21%	56%	23%
WF110	Maple Crest Drive	2024	\$3,077,000	\$3,397,257	32%	55%	13%
WF160	2450 South/3000 East	2023	\$1,574,000	\$1,703,748	32%	48%	20%
WF170	3830 South/3000 East	2025	\$1,554,000	\$1,750,056	32%	48%	20%
WF190	Merrill Road/3000 East	2022	\$1,122,000	\$1,190,675	32%	48%	20%
WF210	2220 South	2025	\$2,190,000	\$2,466,296	32%	48%	20%
WF270	1400 South/1200 East	2023	\$597,000	\$646,212	32%	16%	52%
WFP110	3850 South	2029	\$2,776,000	\$3,383,929	56%	7%	37%
WFP120	3500 South	2029	\$606,000	\$738,711	0%	15%	85%
WFP60	4340 South	2026	\$4,235,000	\$4,864,684	32%	10%	58%
WFP90	3850 South/River Road	2028	\$237,000	\$283,237	79%	3%	18%
WR60	Old Airport	2024	\$1,381,000	\$1,524,736	45%	17%	38%
Construction Cost Total			\$43,765,000	\$48,642,959	\$17,824,740	\$14,715,407	\$16,102,812
Total Construction Percent of Attributable Cost					36.6%	30.3%	33.1%
Master Plan Update		2024	\$80,000	\$88,326	0%	100%	0%
Overall Cost Total			\$43,845,000	\$48,731,285	\$17,824,740	\$14,803,733	\$16,102,812
Total Overall Percent of Attributable Cost					36.6%	30.4%	33.0%

The IFFP details the projects shown above and considered in the calculation of the impact fees. The engineers, BC&A, used capital project and engineering data, planning analysis and other information to determine the future needs of the service area, as well as the ability of the existing system to serve future development. All future capital project data, including project descriptions and estimated project costs, is included in the Master Plan and IFFP. The accuracy and correctness of this analysis is contingent upon the accuracy of the data and assumptions included therein. Any deviations or changes in the assumptions due to changes in the economy or other relevant information used by the City for this study may cause this plan to be inaccurate and require modifications.

SYSTEM VS. PROJECT IMPROVEMENTS

System improvements are defined as existing and future public facilities that are intended to provide services to service areas within the community at large.⁷ Project improvements are improvements and facilities that are planned and designed to provide service for a specific development (resulting from a development activity) and considered necessary for the use and convenience

⁷ UC 11-36a-102(20)



of the occupants or users of that development.⁸ This analysis only includes the costs of system improvements related to new growth within the proportionate share analysis.

FUNDING OF FUTURE FACILITIES

The IFFP must also include a consideration of all revenue sources, including impact fees and the dedication (donation) of system improvements, which may be used to finance system improvements.⁹ In conjunction with this revenue analysis, there must be a determination that impact fees are necessary to achieve an equitable allocation of the costs of the new facilities between the new and existing users.¹⁰ In considering the funding of future facilities, the City has determined the portion of future projects that will be funded by impact fees as growth-related, system improvements (see Table 5.1, and the IFFP). Utility rate revenues serve as the primary funding mechanism within enterprise funds. Rates are established to ensure appropriate coverage of all operations and maintenance expenses, as well as all non-growth related debt service and capital project needs.

EQUITY OF IMPACT FEES

Impact fees are intended to recover the costs of capital infrastructure (system improvements) that relate to future growth. The impact fee calculations are structured for impact fees to fund 100 percent of the growth-related facilities identified in the proportionate share analysis as presented in the impact fee analysis. Even so, there may be years that impact fee revenues cannot cover the annual growth-related expenses. In those years, growth-related projects may be delayed, or other revenues such as general fund revenues or user rate revenues may be used to make up any annual deficits. Any borrowed funds are to be repaid in their entirety through impact fees.

NECESSITY OF IMPACT FEES

An entity may only impose impact fees on development activity if the entity's plan for financing system improvements establishes that impact fees are necessary to achieve parity between existing and new development. This analysis has identified the improvements to public facilities and the funding mechanisms to complete the suggested improvements. Impact fees are identified as a necessary funding mechanism to help offset the costs of new capital improvements related to new growth. In addition, alternative funding mechanisms are identified to help offset the cost of future capital improvements.

⁸ UC 11-36a102(13)

⁹ UC 11-36a-302(2)

¹⁰ UC 11-36a-302(3)

SECTION 6: STORM DRAIN IMPACT FEE CALCULATION

The calculation of impact fees relies upon the information contained in this analysis. Impact fees are calculated based on many variables centered on proportionality and LOS. As a result of new growth, the storm drain system needs expansion to perpetuate the LOS that the City has historically maintained. The *Storm Drain Master Plan* and the *Storm Drain Impact Fee Facilities Plan*, both dated December 2019, outline the recommended capital projects that will maintain the established LOS.

PROPOSED STORM DRAIN IMPACT FEE

The IFFP must properly complete the legislative requirements found in the Impact Fee Act if it is to serve as a working document in the calculation of appropriate impact fees. The following paragraph describes the methodology used for calculating impact fees in this analysis.

PLAN BASED (FEE BASED ON DEFINED CAPITAL IMPROVEMENT PLAN)

Impact fees can be calculated using a specific set of costs specified for future development. The improvements are identified in the IFFP as growth related projects. The total project costs are divided by the total demand units the projects are designed to serve. Under this methodology, it is important to identify the existing LOS and determine any excess capacity in existing facilities that could serve new growth.

STORM DRAIN IMPACT FEE CALCULATION

The storm drain impact fees proposed in this analysis will be assessed based on the service area defined in this analysis. **TABLE 6.1** below illustrates the appropriate buy-in component, the fee associated with projects occurring in the next ten years, and other applicable costs.

TABLE 6.1: CALCULATION OF PROPORTIONATE IMPACT FEE

	TOTAL COST	% ATTRIBUTED TO 10-YEAR DEMAND	COST ATTRIBUTED TO 10-YEAR DEMAND	DEMAND SERVED (IMP. AREA SF)	COST PER IMP. AREA
Buy-In to Existing Facilities	4,669,686	15.3%	\$714,462	101,146,320	\$0.0071
Future Facilities	\$48,731,285	30.4%	\$14,803,733	101,146,320	\$0.1464
Professional Expense	\$7,425	100.0%	\$7,425	101,146,320	\$0.0001
Total Fee per Unit					\$0.1536

TABLE 6.2: IMPACT FEE BY DEVELOPMENT TYPE

DEVELOPMENT TYPE	TOTAL IMP. SURFACE (SF)	COST PER IMP. SF	IMPACT FEE PER UNIT	2014 IMPACT FEE	% CHANGE	\$ CHANGE
Low Density Residential	5,082	\$0.1536	\$781	\$512	53%	\$269
Medium/High Density Residential	3,267	\$0.1536	\$502	\$329	53%	\$173
Commercial/Office	950	\$0.1536	\$146	\$96	52%	\$50
Industrial	900	\$0.1536	\$138	\$91	52%	\$47

See Table 3.2 for Calculation of Impervious Surface SF by Development Type

NON-STANDARD STORM DRAIN IMPACT FEES

The City reserves the right under the Impact Fees Act¹¹ to assess an adjusted fee that more closely matches the true impact that the land use will have upon the City's storm drain system. This adjustment could result in a different impact fee if evidence suggests a particular user will create a different impact than what is standard for its category. To determine the impact fee for a non-standard use, the City should use the following formula:

FORMULA FOR NON-STANDARD STORM DRAIN IMPACT FEES:

Total impervious SF x Base cost per impervious SF (\$0.1536) = Impact Fee

CONSIDERATION OF ALL REVENUE SOURCES

The Impact Fees Act requires the proportionate share analysis to demonstrate that impact fees paid by new development are the most equitable method of funding growth-related infrastructure. See **SECTION 5** for further discussion regarding the consideration of revenue sources.

¹¹ UC 11-36a-402(1)(c)



EXPENDITURE OF IMPACT FEES

Legislation requires that impact fees should be spent or encumbered within six years after each impact fee is paid. Impact fees collected in the next five to six years should be spent only on those projects outlined in the IFFP as growth related costs.

PROPOSED CREDITS OWED TO DEVELOPMENT

Credits may be applied to developers who have constructed and donated system facilities to the City that are included in the IFFP in-lieu of impact fees. Credits for system improvements may be available to developers up to, but not exceeding, the amount commensurate with the LOS identified within this IFA. Credits will not be given for the amount by which system improvements exceed the LOS identified within this IFA. This situation does not apply to developer exactions or improvements required to offset density or as a condition of development. Any project that a developer funds must be included in the IFFP if a credit is to be issued.

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

GROWTH-DRIVEN EXTRAORDINARY COSTS

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

SUMMARY OF TIME PRICE DIFFERENTIAL

The Impact Fees Act allows for the inclusion of a time price differential to ensure that the future value of costs incurred at a later date are accurately calculated to include the costs of construction inflation. A two percent annual construction inflation adjustment is applied to projects completed after 2019 (the base year cost estimate).