



Millcreek City
DRAFT Parks, Recreation, Trails and Open Space
Impact Fee Analysis

ZIONS  PUBLIC FINANCE, INC.

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Summary of Impact Fee Analysis (IFA)

Millcreek City (“City”) desires to charge impact fees in order to keep up with the demands of new growth on its parks, trails and recreation facilities. The Parks, Recreation and Trails Impact Fee Facilities Plan,¹ along with input from the City, forms the basis for this Impact Fee Analysis. The City has determined that there is one service area citywide and that there no excess capacity in any of its parks and trails facilities. Only residential development is considered to create demand for parks, trails and recreation facilities and therefore only residential growth has been considered in the determination of impact fees.

Projections for population growth in the City are as follows:

TABLE 1: PROJECTED POPULATION GROWTH, 2018-2028

Year	Population
2018	64,800
2019	66,440
2020	68,122
2021	68,374
2022	68,627
2023	68,881
2024	69,135
2025	69,390
2026	69,646
2027	69,903
2028	70,161

Source: Gardner Policy Institute; ZPFI

This IFA is organized based on the legal requirements of Utah Code 11-36a-304.

Impact on Consumption of Existing Capacity - Utah Code 11-36a-304(1)(a)

The IFFP considers only *system* facilities in the calculation of impact fees. For the City, this has been determined to mean community and regional parks. Local parks are considered *project* improvements and have not been included in the calculation of impact fees.

Existing service levels are based on the (2018) levels of service in the City for parks. The City does not currently have any trails. The level of service (LOS) for trails is 0.44 park acres per 1,000 population, calculated by dividing the 28.47 existing park acres by the 2018 population of 64,800 persons.

The City intends to at least maintain, and likely increase service levels for both parks and trails. No facilities currently have excess capacity. Parks and trails development in the City is one overall recreation system designed to meet the needs and desires of its residents for physical and leisure activities.

Impact on System Improvements by Anticipated Development Activity - Utah Code 11-36a-304(1)(b)

The table below shows the declining service levels that will occur in Millcreek, due to population growth, if no new facilities are added.

¹ Parks, Recreation and Trails Impact Fee Facilities Plan, May 2018

TABLE 2: IMPACTS TO SERVICE LEVELS DUE TO NEW DEVELOPMENT IF NO IMPROVEMENTS ARE MADE

	Acres per 1,000 Population in 2018	Acres per 1,000 Population in 2028
Park Land and Improvements	0.439	0.406

Relationship of Anticipated Impacts to Anticipated Development Activity - Utah Code 11-36a-304(1)(c)

The demand placed on existing public park facilities by new development activity is attributable to population growth. The City has a 2018 population of 64,800 persons and, as a result of anticipated development activity, will grow to a projected 70,161 persons by 2028 – an increase of 5,361 persons. As growth occurs as a result of increased development activity, more parks and trails are needed to maintain existing service levels and to reach proposed service levels.

In order to maintain the existing level of service, the projected new development over the next ten years will require the acquisition of 2.355 acres² of park land and improvements. construction or acquisition of new facilities in the amount of \$991,977.76, as stated in 2018 dollars.³

TABLE 3: NEW FACILITIES NEEDED TO MEET THE DEMANDS OF NEW GROWTH, 2018-2028

Description	Amount
Land and Improvements	\$991,977.76

Proportionate Share Analysis - Utah Code 11-36a-304(1)(d)(i)(ii)

Costs Reasonably Related to New Development Activity

The cost of new system improvements required to maintain the service levels related to new development activity are based on the costs of system-wide park and trail facilities, and the consultant fees for the preparation of the Impact Fee Facilities Plan and the Impact Fee Analysis.

The total gross fee is \$185.97 per capita. However, the actual fee charged will be based on the average household size of a residential unit.

TABLE 4: CALCULATION OF GROSS IMPACT FEE

Summary Cost per Capita	
Land	\$109.84
Improvements	\$75.20
Consultant	\$0.93
TOTAL	\$185.97

² Calculated by multiplying the projected population growth of 5,361 persons by 2028 by the existing LOS of 0.439 park acres per 1,000 persons.

³ Assumes that \$588,841.32 will be needed for land costs (2.355 acres at a cost of \$250,000 per acre) and \$403,136.44 for park improvements (based on a per capita cost of \$75.20 per person).

The City may choose to either charge one fee for every type of residential unit, or it can charge different fees for single-family and multi-family units. The average household size for residential units in the City is as follows:

TABLE 5: AVERAGE HOUSEHOLD SIZE

Residential Unit Type	Household Size
Single-Family Units	2.66
Multi-Family Units	2.37

Source: American Factfinder Community Survey

The maximum impact fees for single-family and multi-family residential are shown in the table below:

TABLE 6: MAXIMUM IMPACT FEES

MAXIMUM GROSS FEE	Amount
Single-Family Residential	\$494.68
Multi-Family Residential	\$440.75

Manner of Financing - Utah Code 11-36a-304(2)(c)(d)(e)(f)(g)(h)

An impact fee is a one-time fee that is implemented by a local government on new development to help fund and pay for all or a portion of the costs of public facilities that are needed to serve new development. Additionally, impact fees allow new growth to share in the cost of existing facilities that have excess capacity.

Impact Fee Credits

The Impact Fees Act requires credits to be paid back to development for future fees that may be paid to fund system improvements found in the Parks, Recreation and Trails IFFP May 2018 so that new development is not charged twice.

Extraordinary Costs and Time Price Differential

It is not anticipated that there will be any extraordinary costs in servicing newly-developed park properties.

Utah Code 11-36a

Preparation of Impact Fee Analysis. Utah Code requires that “each local political subdivision... intending to impose an impact fee shall prepare a written analysis (Impact Fee Analysis or IFA) of each impact fee” (Utah Code 11-36a-303). This IFA follows all legal requirements as outlined below. The City has retained Zions Public Finance, Inc. (ZPFI) to prepare this Impact Fee Analysis in accordance with legal requirements.

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

- anticipated impact on or consumption of any existing capacity of a public facility by the anticipated development activity;

- anticipated impact on system improvements required by the anticipated development activity to maintain the established level of service for each public facility;

- how anticipated impacts are reasonably related to the anticipated development activity

- the proportionate share of:

 - costs for existing capacity that will be recouped; and

 - costs of impacts on system improvement that are reasonably related to the new development activity; and

 - how the impact fee was calculated

Further, in analyzing whether or not the proportionate share of the costs of public facilities are reasonably related to the new development activity, the local political subdivision or private entity, as the case may be, shall identify, if applicable:

- the cost of each existing public facility that has excess capacity to serve the anticipated development resulting from the new development activity;

- the cost of system improvements for each public facility;

- 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 relative extent to which development activity will contribute to financing the excess capacity of and system improvements for each existing public facility, by means such as user charges, special assessments, or payment from the proceeds of general taxes;

- the relative extent to which development activity will contribute to the cost of existing public facilities and system improvements in the future;

the extent to which the development activity is entitled to a credit against impact fees because the development activity will dedicate system improvements or public facilities that will offset the demand for system improvements, inside or outside the proposed development;

extraordinary costs, if any in servicing the newly developed properties; and

the time-price differential inherent in fair comparisons of amounts paid at different times.

Calculating Impact Fees. Utah Code 11-36a-305 states that for purposes of calculating an impact fee, a local political subdivision or private entity may include the following:

construction contract price;

cost of acquiring land, improvements, materials, and fixtures;

cost for planning, surveying, and engineering fees for services provided for and directly related to the construction of the system improvements; and

for a political subdivision, debt service charges if the political subdivision might use impact fees as a revenue stream to pay the principal and interest on bonds, notes or other obligations issued to finance the costs of the system improvements.

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

Certification of Impact Fee Analysis. Utah Code 11-36a-306 states that an impact fee analysis shall include a written certification from the person or entity that prepares the impact fee analysis. This certification is included at the conclusion of this analysis.

Impact Fee Enactment. Utah Code 11-36a-202 states that a local political subdivision or private entity wishing to impose impact fees shall pass an impact fee enactment in accordance with Section 11-36a-402. Additionally, an impact fee imposed by an impact fee enactment may not exceed the highest fee justified by the impact fee analysts. An impact fee enactment may not take effect until 90 days after the day on which the impact fee enactment is approved.

Notice of Intent to Prepare Impact Fee Analysis. A local political subdivision must provide written notice of its intent to prepare an IFA before preparing the Analysis (Utah Code 11-36a-503(1)). This notice must be posted on the Utah Public Notice website. The City has complied with this noticing requirement for the IFA by posting notice.

Impact Fee Analysis

Utah Code allows cities to include only system-wide parks for the purpose of calculating impact fees. Project-wide parks cannot be used to establish levels of service eligible to be maintained through impact fees. Based on input from the City and the consultants, a system-wide park is defined as a park that serves more than one local development area. System-wide parks in the City include neighborhood, community and regional parks.

This IFA is organized based on the legal requirements of Utah Code 11-36a-304.

1 Impact on Consumption of Existing Capacity

Utah Code 11-36a-304(1)(a): an impact fee analysis shall identify the anticipated impact on or consumption of any existing capacity of a public facility by the anticipated development activity

Demand Placed on Facilities by New Development Activity

Park Land and Park Improvements

Existing park service levels will decline, due to new development activity, from the existing service level of 0.439 acres per 1,000 persons to 0.406 acres per 1,000 residents, over the next 10 years, if no improvements are made.

TABLE 7: PARK LAND AND IMPROVEMENT SERVICE LEVEL IMPACTS FROM NEW DEVELOPMENT ACTIVITY, 2018-2028

Year	Population	Population Growth	Land Acres per 1000 Persons if No New Facilities
2018	64,800		0.439
2019	66,440	1,640	0.429
2020	68,122	1,682	0.418
2021	68,374	252	0.416
2022	68,627	253	0.415
2023	68,881	254	0.413
2024	69,135	254	0.412
2025	69,390	255	0.410
2026	69,646	256	0.409
2027	69,903	257	0.407
2028	70,161	258	0.406

2 Impact on System Improvements by Anticipated Development Activity

Utah Code 11-36a-304(1)(b): an impact fee analysis shall identify the anticipated impact on system improvements required by the anticipated development activity to maintain the established level of service for each public facility;

The City will need to make additional investment in park land and improvements if it is to maintain its existing service levels in the future. The increased land and improvement costs necessary to maintain

existing service levels are shown in the following two tables. Further, the City may desire to increase its existing service levels but will not use impact fees to raise existing standards.

TABLE 8: PARK LAND INVESTMENT REQUIRED FROM NEW DEVELOPMENT ACTIVITY, 2018-2028

Year	Population	Growth in Population	Additional Acres Required	Additional Investment Needed
2018	64,800			
2019	66,440	1,640	0.721	\$180,134
2020	68,122	1,682	0.739	\$184,747
2021	68,374	252	0.111	\$27,679
2022	68,627	253	0.111	\$27,789
2023	68,881	254	0.112	\$27,899
2024	69,135	254	0.112	\$27,899
2025	69,390	255	0.112	\$28,009
2026	69,646	256	0.112	\$28,119
2027	69,903	257	0.113	\$28,228
2028	70,161	258	0.113	\$28,338
TOTAL		5,361	2.355	\$588,841

TABLE 9: PARK IMPROVEMENTS REQUIRED FROM NEW DEVELOPMENT ACTIVITY, 2018-2028

Year	Population	Growth in Population	Improvements per Capita if No New Facilities	Additional Investment Needed
2018	64,800		\$75.20	
2019	66,440	1,640	\$73.34	\$123,325
2020	68,122	1,682	\$71.53	\$126,483
2021	68,374	252	\$71.27	\$18,950
2022	68,627	253	\$71.00	\$19,025
2023	68,881	254	\$70.74	\$19,100
2024	69,135	254	\$70.48	\$19,100
2025	69,390	255	\$70.22	\$19,175
2026	69,646	256	\$69.97	\$19,251
2027	69,903	257	\$69.71	\$19,326
2028	70,161	258	\$69.45	\$19,401
TOTAL		5,361		\$403,136

3 Relationship of Anticipated Impacts to Anticipated Development Activity

Utah Code 11-36a-304(1)(c): an impact fee analysis shall subject to Subsection (2), demonstrate how the anticipated impacts described in Subsections (1)(a) and (b) are reasonably related to the anticipated development activity;

The demand placed on existing public park facilities by new development activity is attributable to population growth. The City has a 2018 population of 64,800 persons and as a result of anticipated development activity will grow to a projected 70,161 persons by 2028 – an increase of 5,361 persons. As growth

occurs as a result of increased development activity, more parks and trails are needed to maintain existing service levels and to reach proposed service levels.

4

Proportionate Share Analysis

Utah Code 11-36a-304(1)(d)(i)(ii): an impact fee analysis shall estimate the proportionate share of 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;

Costs Reasonably Related to New Development Activity

The cost of new system improvements required to maintain the existing level of parks, recreation and trail services related to new development activity is based on the cost of system-wide park facilities, as well as consultant fees for the preparation of the Impact Fee Facilities Plan and the Impact Fee Analysis.

The City will need to acquire an additional 2.36 acres of land over the next 10 years in order to maintain its existing service level of 0.439 acres per 1,000 persons. At a cost of \$250,000 per acre,⁴ the cost to the City will be \$588,841.

In addition, the 2.36 acres will need improvements. The existing level of service for improvements is a cost of \$171,156.66 per acre, or a total cost of \$403,136.44. Total land and improvement costs necessary over the next ten years are calculated at \$991,977.76.

TABLE 10: PER CAPITA COST TO MAINTAIN LOS FOR PARK LAND AND IMPROVEMENTS

Park Land and Improvements	
Improvements Needed, 2018-2028	\$991,977.76
Population Growth, 2018-2028	5,361
Cost per Capita	\$185.04

The Impact Fee Facilities Plan and Impact Fee Analysis consultant cost is \$0.93 per capita.

TABLE 11: PER CAPITA CONSULTANT COSTS

Description	Amount
Consultant Cost	\$5,000
Projected Population Growth (2018 - 2028)	5,361
Cost per Capita – Consultant Costs	\$0.93

⁴ The land cost per acre is taken from the Parks, Recreation and Trails Impact Fee Facilities Plan May 2018 that provides the land cost per acre of 30 vacant parcels in Millcreek.

The total gross Parks, Recreation, Trails and Open Space Impact Fee is \$185.97 per capita.

TABLE 12: MAXIMUM ALLOWABLE IMPACT FEE

Description	Amount
Park Land and Improvements	\$185.04
Consultant Costs	\$0.93
TOTAL GROSS IMPACT FEE PER CAPITA	\$185.97

However, impact fees will be charged based on household size, rather than on a per capita basis. Average household sizes in Millcreek are shown in the table below.

TABLE 13: HOUSEHOLD SIZE

Household Type	Household Size
Single-Family	2.66
Multi-Family	2.37

Source: American Factfinder;

<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>

The maximum impact fees are calculated by multiplying the average household size by the maximum per capita amount of \$185.97.

TABLE 14: MAXIMUM IMPACT FEE

Development Type	Amount
Single-Family Residential	\$494.68
Multi-Family Residential	\$440.75

Impact Fee Credits

5

Utah Code 11-36a-304(1)(e): an impact fee analysis shall, based on the requirements of this chapter, identify how the impact fee was calculated;

There are no bonds outstanding on parks or trails facilities and therefore no credits need to be made against the gross impact fee.

6

Manner of Financing

Utah Code 11-36a-304(2)(c)(d)(e)(f)(g)(h): an impact fee analysis shall identify, if applicable: other than impact fees, the manner of financing for each public facility such as user charges, special assessments, bonded indebtedness, federal taxes, or federal grants;

An impact fee is a one-time fee that is implemented by a local government on new development to help fund and pay for all or a portion of the costs of public facilities that are needed to serve new development. These fees are usually implemented to help reduce the economic burden on local jurisdictions that are

trying to deal with population and commercial growth within the area. As a matter of policy and legislative discretion, a City may choose to have new development pay the full cost of its share of new public facilities if the facilities would not be needed except to service new development. However, local governments may use other sources of revenue to pay for the new facilities required to service new development and use impact fees to recover the cost difference between the total cost and the other sources of revenue. Additionally, impact fees allow new growth to share in the cost of existing facilities that have excess capacity.

At the current time, no other sources of funding other than impact fees have been identified, but to the extent that any are identified and received in the future, then impact fees will be reduced accordingly.

Additional system-wide park land and recreation facility improvements beyond those funded through impact fees that are desired to maintain a higher proposed level of service will be paid for by the community through other revenue sources such as user charges, special assessments, GO bonds, general taxes, etc.

Impact Fee Credits

The Impact Fees Act requires credits to be paid back to development for future fees that may be paid to fund system improvements found in the IFFP so that new development is not charged twice. Credits may also be paid back to developers who have constructed or directly funded items that are included in the IFFP or donated to the City in lieu of impact fees, including the dedication of land for system improvements. This situation does not apply to developer exactions or improvements required to offset density or as a condition for development. Any item for which a developer receives credit should be included in the IFFP and must be agreed upon with the City before construction begins.

In the situation that a developer chooses to construct facilities found in the IFFP in lieu of impact fees, the arrangement must be made through the developer and the City.

Extraordinary Costs and Time Price Differential

It is not anticipated that there will be any extraordinary costs in servicing newly developed park properties. To account for the time-price differential inherent in fair comparisons of amounts paid at different times, actual costs have been used to compute buy-in costs to public facilities with excess capacity and current costs have been used to compute impacts on system improvements required by anticipated development activity to maintain the established level of service for each public facility.

Certification

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

1. includes only the costs of public facilities that are:
 - a. allowed under the Impact Fees Act; and
 - b. actually incurred; or
 - c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;

2. does not include:
 - a. costs of operation and maintenance of public facilities;

- b. costs for qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
 - c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement;
3. offsets costs with grants or other alternate sources of payment; and
 4. complies in each and every relevant respect with the Impact Fees Act.