

MEMO



To: Mayor Olson and City Council

From: Jason Bond, Assistant City Manager

Date: June 1, 2023

RE: **Sewer Impact Fee Reduction (Implementation to Comply with State Moderate Income Housing Requirement)**

As part of the June 6, 2023 amendment to the Santaquin City Fee Schedule, it is proposed to reduce the sewer impact fee for detached accessory dwelling units by 10%.

The Sewer Master Plan was recently updated and approved by the City Council. During this process, a reduction for detached accessory dwelling units was discussed because of one of the strategies the City approved to meet the State moderate income housing requirements. The applicable strategy and implementation plan is as follows:

Strategy 2 Reduce, waive, or eliminate impact fees related to moderate income housing.

Implementation Plan – Santaquin City will work with third-party financial, engineering, and planning firms as each Santaquin City master plan is updated over the next five years to study utility efficiencies from accessory dwelling units which could proportionately reduce impact fees for accessory dwelling units. The City will start asking for this data in their request for proposals (RFP) and consider modifications to impact fees upon completion of each master plan update, accordingly.

Benchmarks and Timeline – In 2022, the Parks, Recreation, Trails, and Open Space (PRTOS) Master Plan has started the process to be updated and it is expected that it will be completed before October 1, 2023. As this is done, Santaquin will work with our financial consultant to determine if an appropriate reduction, waiver, or elimination of the applicable impact fee for accessory dwelling units is justified.

As indicated in the benchmarks and timeline therein, it was expected that the PRTOS Master Plan would be ready for adoption first. However, the Sewer Master Plan was ready to be adopted first. Therefore, it is proposed to reduce the sewer impact fees for detached accessory dwelling units in this Moderate Income Housing reporting year and that a reduction to the Parks/Recreation Impact Fee could happen in the next Moderate Income Housing reporting year.

The current Sewer Impact Fee for most units is \$4,416.00. After a 10% reduction, a Sewer Impact Fee for detached accessory dwelling units would end up being \$3,974.00.