



Santaquin City

**Transportation
Impact Fees**

July 29, 2020

Transportation Impact Fee Analysis

Summary

This Impact Fee Analysis (IFA) is based on the information provided in the City's Roadway Impact Fee Facilities Plan ("IFFP") dated May 2020 prepared by Parametrix.

Projected Growth. The IFFP projects that new development in Santaquin is projected to grow by an estimated 54,011¹ average daily trips (ADTs) between 2019 and 2030. This growth will use up excess capacity on existing roads and will require the expansion of existing roads or development of new roads in order to maintain the existing levels of service.

Service Levels. The IFFP states that "Santaquin City's current and proposed transportation LOS is to provide adequate lane mile and intersection capacity to maintain Level of Service C according to the Mountain Land Association of Government's (MAG) Travel Demand model."²

Service Areas. Santaquin City ("City") includes one roadway service area as recommended by the City's engineers in the IFFP.

Excess Capacity. Santaquin City's IFFP identifies 5 roads with current excess capacity. The actual cost of these facilities is \$2,792,346. During the next 10 years, the IFFP estimates that new development will consume excess capacity with an actual cost of \$751,196.32.

New Construction. Santaquin City's IFFP identifies a total of 9 projects necessitated by new development at a total cost of \$21,961,531. However, new development within the next ten years will only consume capacity to account for \$9,223,069 of the total cost. This number had been adjusted to reflect the reduction for pass-thru traffic for which impact fees cannot be charged.

Proportionate Share Analysis. A summary of the proportionate share analysis is as follows:

TABLE 1: PROPORTIONATE SHARE ANALYSIS

Summary of Cost per Trip	Cost per Average Daily Trip (ADT)
Buy-In to Excess Capacity	\$13.91
New Construction	\$170.76
Consultant Cost	\$0.71
Fund Balance Credit	(\$9.31)
Cost per ADT	\$176.07

The cost per ADT is \$176.07.

The City has one outstanding bond for roadway improvements – a \$4.3 million 2018 Excise Tax Revenue Bond. The portion of this bond that is paying for improvements to benefit existing development must be

¹ Parametrix, Santaquin City Transportation Impact Fee Facilities Plan, p. 8.

² Parametrix, Santaquin City Transportation Impact Fee Facilities Plan, p. 1.

credited so that new development does not pay for any deficiencies in the current system. Impact fees should be available to offset the portion of the bond attributable to facilities serving new development.

TABLE 2: ROADWAY BOND CREDITS

2018 Road Tax Bond	Bond Payments	ADTS	% Cost to Existing	Cost per ADT	NPV of Credits
2019	\$478,032	58,827	39.4%	\$3.20	\$21.31
2020	\$489,627	62,416	39.4%	\$3.09	\$18.85
2021	\$485,619	66,223	39.4%	\$2.89	\$16.42
2022	\$481,473	70,263	39.4%	\$2.70	\$14.11
2023	\$480,187	74,549	39.4%	\$2.54	\$11.91
2024	\$479,761	79,097	39.4%	\$2.39	\$9.79
2025	\$482,191	83,922	39.4%	\$2.26	\$7.74
2026	\$485,477	89,041	39.4%	\$2.15	\$5.75
2027	\$490,617	94,473	39.4%	\$2.05	\$3.80
2028	\$497,608	100,236	39.4%	\$1.96	\$1.89
TOTAL (Principal & Interest)	\$4,850,593				

**NPV = net present value discounted at a rate of 3.5%*

The credits have been averaged through 2026 for ease of collection. This results in a maximum cost per trip of \$162.84. This cost per trip (with the credits included) is then applied to standards set by the Institute of Transportation Engineers (ITE) to evaluate the number of average daily trips per development type.

The City may choose to combine many of the categories listed by ITE in order to avoid large differences in fees charged to retail developments of different types.

The City may choose to enact any fee up to the maximum fees shown below.

TABLE 3: MAXIMUM TRANSPORTATION IMPACT FEES

ITE Code	ITE Land Use	Unit	Impact Fee per Unit, 2019-2026
130	Industrial Park 130	1000 Sq. Feet Gross Floor Area	\$274.38
140	General Manufacturing	1000 Sq. Feet Gross Floor Area	\$319.98
150	Warehousing	1000 Sq. Feet Gross Floor Area	\$141.67
151	Mini-Warehouse	1000 Sq. Feet Gross Floor Area	\$122.94
210	Single-Family Detached Housing	Dwelling Unit	\$768.60
220	Multi-Family (2 stories or less - typically townhomes)	Dwelling Unit	\$595.99
221	Multi-Family (3-9 stories)	Dwelling Unit	\$442.92
240	Mobile Home Park	Occupied Dwelling Unit	\$528.41
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ITE Code	ITE Land Use	Unit	Impact Fee per Unit, 2019-2026
310	Hotel	Room	\$680.66
444	Movie Theater	1000 Sq. Feet Gross Floor Area	\$6,358.01
520	Elementary School	Students	\$153.88
522	Middle School / Junior High School	Students	\$173.42
530	High School	Students	\$165.28
534	Private School (K-8)	Students	\$334.63
560	Church**	1000 Sq. Feet Gross Floor Area	\$2,249.61
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812	Building Material and Lumber Store	1000 Sq. Feet Gross Floor Area	\$1,469.61
817	Nursery (Garden Center)	1000 Sq. Feet Gross Floor Area	\$5,544.64
820	Shopping Center / Strip Mall	1000 Sq. Feet Gross Leasable Area	\$2,028.55
840	Automobile Sales (New)	1000 Sq. Feet Gross Floor Area	\$2,266.71
841	Automobile Sales (Used)	1000 Sq. Feet Gross Floor Area	\$2,203.20
848	Tire Store	1000 Sq. Feet Gross Floor Area	\$1,671.89
850	Supermarket	1000 Sq. Feet Gross Floor Area	\$5,564.11
851	Convenience Market	1000 Sq. Feet Gross Floor Area	\$30,411.40
912	Drive-in Bank	1000 Sq. Feet Gross Floor Area	\$5,293.82
932	Restaurant, Sit-Down (High Turnover)	1000 Sq. Feet Gross Floor Area	\$5,206.14
933	Fast Food without Drive-Through Window	1000 Sq. Feet Gross Floor Area	\$16,068.13
934	Restaurant with Drive Through Window	1000 Sq. Feet Gross Floor Area	\$19,172.14
942	Auto Care Center***	1000 Sq. Feet Gross Leasable Area	\$1,931.26
944	Gasoline/Service Station	Fueling Position	\$8,122.83
945	Gasoline/Service Station with Convenience Store	1000 Sq. Feet Gross Leasable Area	\$51,587.81
947	Self Service Car Wash	Wash Stall	\$8,793.25

In some cases, the City may need to adjust fees for a specific development type. This could occur when traffic counts for a specific business type are substantially different from the ITE numbers shown in the table below. A more appropriate fee for the specific development would be calculated by multiplying the revised trip numbers by the average cost per trip of \$176.07.

Utah Code Legal Requirements

Utah law requires that communities prepare an Impact Fee Analysis (IFA) before enacting an impact fee. Utah law also requires that communities give notice of their intent to prepare and adopt an IFA. This IFA follows all legal requirements as outlined below. The City has retained Zions Public Finance Inc., to prepare this Impact Fee Analysis in accordance with legal requirements.

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 Plan (Utah Code §11-36a-503). This notice must be posted on the Utah Public Notice website. The City has complied with this noticing requirement for the IFA.

Preparation of Impact Fee Analysis

Utah Code requires that each local political subdivision, before imposing an impact fee, prepare an impact fee analysis. (Utah Code 11-36a-304).

Section 11-36a-304 of the Utah Code outlines the requirements of an impact fee analysis as follows:

- (1) An impact fee analysis shall:
 - (a) identify the anticipated impact on or consumption of any existing capacity of a public facility by the anticipated development activity;
 - (b) identify the anticipated impact on system improvements required by the anticipated development activity to maintain the established level of service for each public facility;
 - (c) demonstrate how the anticipated impacts described in Subsections (1)(a) and (b) are reasonably related to the anticipated development activity;
 - (d) estimate the proportionate share of:
 - (i) the costs for existing capacity that will be recouped; and
 - (ii) the costs of impacts on system improvements that are reasonably related to the new development activity; and
 - (e) identify how the impact fee was calculated.
- (2) 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:
 - (a) the cost of each existing public facility that has excess capacity to serve the anticipated development resulting from the new development activity;
 - (b) the cost of system improvements for each public facility;
 - (c) other than impact fees, the manner of financing for each public facility, such as user charges, special assessments, bonded indebtedness, general taxes, or federal grants;

- (d) the relative extent to which development activity will contribute to financing the excess capacity of and system improvements for each existing public facility, by such means as user charges, special assessments, or payment from the proceeds of general taxes;
- (e) the relative extent to which development activity will contribute to the cost of existing public facilities and system improvements in the future;
- (f) 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;
- (g) extraordinary costs, if any, in servicing the newly-developed properties; and
- (h) the time-price differential inherent in fair comparisons of amounts paid at different times.

Certification of Impact Fee Analysis

Utah Code 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

Anticipated Impact on or Consumption of Any Existing Capacity of a Public Facility by the Anticipated Development Activity

Utah Code 11-36a-304(1)(a)

Consumption of Existing Capacity

Santaquin City is projected to grow by 12,238 people and 2,745 households between 2019 and 2030. This residential growth represents an 88 percent increase in population and a 69 percent increase in households. At the same time employment is projected to grow by 145 percent.³

Development activity in Santaquin is based on both residential and nonresidential growth. Growth projections are then used by Parametrix as inputs in the Travel Demand Model to forecast trip generation. Growth projections are for an increase of 54,011 average daily trips between 2019 and 2030.

TABLE 4: GROWTH IN ADTs

Year	ADTs
2019	58,827
2020	62,416
2021	66,223
2022	70,263
2023	74,549
2024	79,097

³ Parametrix, Santaquin City Impact Fee Facilities Plan, p. 3

Year	ADTs
2025	83,922
2026	89,041
2027	94,473
2028	100,236
2029	106,350
2030	112,838
Growth in ADTs, 2019-2030	54,011

Source: Parametrix

Santaquin City's IFFP identifies 5 roads with current excess capacity for which impact fees should be charged as a "buy-in" component.

TABLE 5: BUY-IN TO EXCESS CAPACITY BY NEW DEVELOPMENT

Street	From	To	Project Cost
Center Street	450 North	550 North	\$14,100
Highland Drive	500 East	300 East	\$7,500
Canyon	400 South	900 South	\$71,400
Highland Drive	Canyon	300 East	\$11,350
Summit Ridge	Stone Way	Main Street	\$2,687,996
Total			\$2,792,346

Source: Parametrix, Santaquin City Transportation Impact Fee Facilities Plan, p. 8

However, new development is only responsible for its fair share of capacity use of those roads. Therefore, the engineers have discounted the actual cost of the roads to account for pass-through traffic, as well as the proportionate share of capacity used by new development within the next 10 years.

TABLE 6: PROPORTIONATE SHARE TO NEW DEVELOPMENT, 2019-20030

Street	Pass Through	2019 Vol	2030 Vol	CAP	10-Yr Share	Buy-In Cost
Center Street	4%	874	1,045	8,200	2%	\$281.39
Highland Drive	0%	3,255	5,690	8,200	30%	\$2,227.13
Canyon	0%	1,438	2,872	7,500	19%	\$13,651.68
Highland Drive	0%	796	2,762	8,200	24%	\$2,721.23
Summit Ridge	0%	3,296	5,530	8,200	27%	\$732,314.88
TOTAL						\$751,196.32

Identify the Anticipated Impact on System Improvements Required by the Anticipated Development Activity to Maintain the Established Level of Service for Each Public Facility and Demonstrate How the Anticipated Impacts are Reasonably Related to the New Development Activity

Utah Code 11-36a-304(1)(b)(c)

Santaquin City's IFFP identifies a total of 9 projects necessitated by new development at a total cost of \$21,961,531. However, new development within the next 10 years will only be responsible for \$9,223,069 of the total costs. This is due to reductions for pass-through trips which must be shared by the community as a whole. There will also be excess capacity on many of these roads in 2030; therefore, new development can only be expected to pay for the actual portion of the road needs that it generates and not for the excess capacity.

TABLE 7: NEW CONSTRUCTION WITHIN THE NEXT 10 YEARS

ID	Name	From	To	Length (Mi)	Total Cost
1A	500/600 West	Lark Rd	US 6	0.20	\$950,590
1B	500 West	US 6	500 South	0.59	\$2,889,028
1C	Highland Drive	Center Street	Summit Ridge Rkwy	1.41	\$6,317,098
1D	Main Street	Maverik	Oak Summit Drive	0.19	\$934,872
1E	900 East	Main Street	150 South	0.16	\$785,205
1H	400 East	200 North	US 6	0.23	\$593,039
1I	400 East	400 North	200 North	0.22	\$1,356,911
1J	Highland Drive	400 East	Main Street	0.47	\$2,577,617
1K	Main Street	I-15	500 West		\$670,230
TOTAL					\$21,961,531

After reductions for pass-through traffic and excess capacity beyond that required by new development over the next 10 years, the total cost attributable to new development is \$9,223,069.

TABLE 8: NEW CONSTRUCTION COSTS ATTRIBUTABLE TO NEW DEVELOPMENT WITHIN THE NEXT 10 YEARS

ID	Name	% Pass-through	% Added Capacity Required to Accommodate New Development	IF Eligible Cost
1A	500/600 West	5%	13%	\$126,904
1B	500 West	39%	6%	\$176,893
1C	Highland Drive	4%	47%	\$2,937,821
1D	Main Street	0%	100%	\$934,872
1E	900 East	0%	66%	\$521,481
1H	400 East	4%	96%	\$568,725
1I	400 East	4%	96%	\$1,301,278
1J	Highland Drive	4%	96%	\$2,471,935
1K	Main Street	22%	27%	\$183,161
TOTAL				\$9,223,069

Average daily trip demand citywide is projected to grow by 54,011 trips over the 10-year period. The increased volume and capacity impacts need to be viewed as part of an overall system of roads.

Estimate the Proportionate Share of (i) the Costs for Existing Capacity That Will Be Recouped; and (ii) The Costs of Impacts on System Improvements That Are Reasonably Related to the New Development Activity; and Identify How the Impact Fee was Calculated

Utah Code 11-36a-304(1)(d)(e)

The proportionate share analysis can legally include the proportionate share of any buy-in costs associated with the excess capacity in the existing system that will be consumed as a result of new development activity, as well as the proportionate share of new construction costs necessitated by new development.

Buy-In Calculation for Excess Capacity

The IFFP identifies \$751,196.32 of actual costs of excess capacity that will be consumed by new development over the next 10 years.

TABLE 8: PROPORTIONATE SHARE CALCULATION - EXCESS CAPACITY

Description	Amount
Actual Cost of Existing Excess Capacity Consumed by New Growth	\$751,196.32
Growth in ADTs - 2019-2030	54,011
Cost per ADT	\$13.91

New Construction Cost Calculation

In order to maintain a LOS D, Santaquin City will need to construct additional facilities, as identified previously. New construction costs are calculated as follows:

TABLE 9: PROPORTIONATE SHARE CALCULATION – NEW CONSTRUCTION

Description	Amount
Cost of New Construction Attributable to Growth, 2019-2030	\$9,223,069
Growth in ADTs - 2019-2030	54,011
Cost per ADT	\$170.76

Other Cost Calculations

Utah law allows for the cost of developing the Impact Fee Facility Plan and Impact Fee Analysis to be included in the calculation of impact fees. These costs are then shared proportionately among the additional trips generated between 2020 and 2030.

TABLE 10: PROPORTIONATE SHARE CALCULATION – CONSULTING COSTS

Consultant Costs	Amount
Parametrix	\$32,933
ZPFI	\$5,300
Total Consultant Costs	\$38,233
Cost per Trip	\$0.71

Santaquin City has a balance of \$502,662.36 in its transportation impact fee fund as of June 2020. Therefore, the following credit needs to be made against the impact fee fund balance.

TABLE 11: PROPORTIONATE SHARE CALCULATION - IMPACT FEE CREDITS

Description	Amount
Fund Balance	\$502,662.36
Growth in Trips, 2019-2030	54,011
Credit per Trip	(\$9.31)

Summary of Impact Fees

TABLE 12: SUMMARY OF GROSS IMPACT FEE

Summary of Cost per ADT	Amount
Buy-In to Excess Capacity	\$13.91
New Construction	\$170.76
Consultant Cost	\$0.71
Fund Balance Credit	(\$9.31)
Gross Cost per ADT	\$176.07

Credits for Outstanding Bonds

The City has one outstanding bond for roadway improvements – a \$4.3 million 2018 Excise Tax Revenue Bond. The portion of this bond that is paying for improvements to benefit existing development must be credited so that new development does not pay for any deficiencies in the current system.

TABLE 13: ROADWAY BOND CREDITS

2018 Road Tax Bond	Bond Payments	ADTS	% Cost to Existing	Cost per ADT	NPV* of Credits
2019	\$478,032	58,827	39.4%	\$3.20	\$21.31
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TOTAL (Principal & Interest)	\$4,850,593				

*NPV = net present value discounted at a rate of 3.5%

The credits have been averaged between 2019 and 2026 for ease of collection. This results in a maximum cost per trip of \$162.84 between 2019 and 2026. This cost per trip (which includes credits) is then applied to standards set by the Institute of Transportation Engineers (ITE) to evaluate the number of average daily trips per development type.

The City may choose to combine many of the categories listed by ITE in order to avoid large differences in fees charged to retail developments of different types.

The City may choose to enact any fee up to the maximum fees shown below.

TABLE 14: MAXIMUM TRANSPORTATION IMPACT FEES

ITE Code	ITE Land Use	Unit	Impact Fee per Unit, 2019-2026
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Calculation of Other Credits

The City may choose to credit certain development types, including affordable housing, but these credits are at the discretion of the City. Further, a City may choose to allow a developer to put in a transportation facility listed in the IFFP and reduce impact fees accordingly. Again, this is at the discretion of the City.

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; or
 - 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.