

SARATOGA SPRINGS, UTAH

SEWER IMPACT FEE ANALYSIS

PREPARED BY

ZIONS BANK PUBLIC FINANCE

JUNE 19, 2014

Contents

List of Figures 1

Executive Summary 2

 Growth and ERC Projections 2

Proportionate Share Analysis 3

 Existing Infrastructure and Capacity to Serve New Growth (Buy-In Component) 3

 Outstanding and Future Debt/Reimbursement Agreements 3

 Future Capital Improvements 4

Calculated Fee 4

Project Overview 7

Impact Fee Analysis Requirements 7

 Service Area 7

 Growth and ERC Projections 7

 Level of Service Definitions 8

 Existing Infrastructure and Capacity to Serve New Growth (Buy-In Component) 9

 Treatment 9

 Debt/Pioneering and Development Agreements 9

Proportionate Share Analysis 10

 Impact Fee Facilities Plan – Future Capital Projects 11

Calculated Fee 12

LIST OF FIGURES

Figure ES1: ERCs 2

Figure ES2: Recommended Maximum Legal Collection Fee per ERC for Each Service Area 5

Figure ES2.A: Recommended Maximum Legal Collection Fee per ERC for Each Service Area 6

Figure 1: ERCs 8

Figure 2: Capital Projects 11

Figure 3: Recommended Maximum Legal Fee Collection Fee per ERC 12

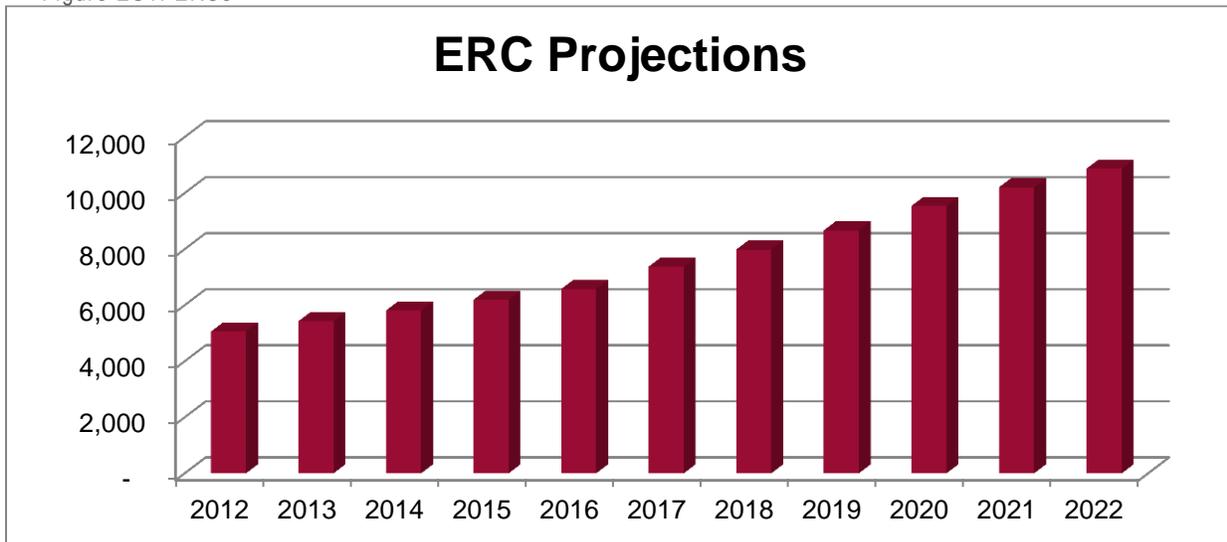
EXECUTIVE SUMMARY

Zions Bank Public Finance (Zions) is pleased to provide the City of Saratoga Springs (the City) with an update to the sanitary sewer collection system impact fees. The following pages summarize the document and tables included. The intent is to provide a concise discussion of the calculation and identification of the recommended maximum legal impact fee.

Growth and ERC Projections

In 2012 the City has a total of 5,059 sewer equivalent residential connection (ERCs)¹. Residential ERCs can be based on population and 40 fixture unit count and easily calculated. In order to calculate the total number of existing ERCs Zions obtained from the City the existing number of residential and non-residential ERCs. The City used an internal database of historic fee schedules to provide the non-residential ERCs. The ERCs were provided by Bowen Cowen & Associates. The following table identifies the current and future ERCs City-Wide. The analysis considers growth over the next ten years. Between now and 2022, ERCs may increase by 5,818 to reach 10,877 by 2022. The Sewer Impact Fee will be broken into four service areas. Bowen Collins & Associates reports that development will occur in the north end of the City by 2,958 ERCs and the south end of the City will increase by 2,860 ERCs.

Figure ES1: ERCs²



Level of Service Definitions

Bowen Collins & Associates defined the City’s level of service in the Capital Facilities Plan. The plans state the following:

Residential development is generally assigned a value of 1 ERC for every dwelling unit. For non-residential development, the City assigns an ERC value based on a fixture count that is performed at the issuance of the Building Permit. The fixture count is based on the International Plumbing Code (IPC), issued by the International Code Council as a method to predict peak water and sewer use by the number of water fixtures and the type of water fixtures a building has. Each fixture type is assigned a load value in water supply fixture units (wsfu). For example, a kitchen sink has a load factor of 1.4 wsfu based on how much water is used at a kitchen sink. A typical residential toilet has a load factor of 2.2 wsfu because a toilet uses more water than a kitchen sink. Once all the fixtures are identified, all the fixture units are added together for a total fixture unit count. The City also uses the IPC as the

¹ Table 3-1 Bowen Collins & Associates Capital Facilities Plan and Impact Fee Facilities Plan

² BC&A IFFP

SECTION B: Impact Fee Analysis



plumbing standards used for plan reviews and building inspections. The IPC fixture count method is used to size the water meter and sewer lateral.

For the evaluation of future growth, it has been assumed that the City will continue to use the IPC fixture unit count method to calculate ERCs. Based on historic City practice, a ¾-inch water meter is the minimum size allowed for a residential connection and all connections are considered to be at least one ERC. The maximum fixture count allowed for a ¾-inch residential water meter is 40. For fixture counts greater than 40, a larger meter will be required and a larger value of ERCs will be calculated.

PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act 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

In consideration of future capital improvements, the City will continue using similar funding sources; 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. (Utah Impact Fees Act, 11-36a-304(2) (c) (d))

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 collection system. The documented expenditures of the facilities for the North Service Area (eligible for buy-in) is \$74,530. The South Service Area totals \$130,806 of impact fee eligible expenses. The costs for the City's reimbursements agreements are considered in the analysis. The City has paid out the SSD Inlet Park Lift Station and Sewer Main, the Benches Booster Station and the Benches Saratoga Road Collection Line Agreements. The buyout expense has been included in the analysis. As for other infrastructure, only the original costs of the improvements have been considered. See Appendix 3 for the detailed list of assets for the collection system. An analysis has been completed to identify the capacity to serve new growth. The methodology used by Bowen Collins & Associates in this analysis was to evaluate the capacity that new growth would demand on the existing system. A ten year window of growth was analyzed and the increase of 5,818 ERCs added between now and 2022 will benefit from existing system capacity. Bowen Collins & Associates has determined what percent capacity each existing asset has to serve 10-year growth. This has been built into the fee calculation.

Outstanding and Future Debt/Reimbursement Agreements

The City of Saratoga Springs is a relatively new, high growth city. To help fund the necessary infrastructure that came on quickly with development, the City entered into agreements with developers to fund the projects and provide reimbursement over time. The City has determined that it was best to pay off and settle many of these agreements in 2013. The City used impact fees to pay the agreements in totality. The remaining agreements outstanding are the Harbor Bay Lift Station Agreement in the South Service Area and the Posey Lift Agreement in the North. These agreements are financing mechanisms to purchase existing capacity. The details of these agreements are discussed in detail later and maps of the benefitted areas are included in the Appendix. Some of these agreements create separate service areas for financial reasons only.

SECTION B: Impact Fee Analysis



It is proposed that the City issue future debt to fund the sewer utility in 2014 and in 2018. The debt service schedules and calculations of the percent impact fee qualifying can be found in Appendix 4 & 4.A of this document. An interest rate of 4% was used to calculate the total debt service schedules. The Series 2014 \$5M bond is 14% (total) impact fee qualifying (99% to the SSA and 1% to the NSA) and the Series 2018 \$25M bond is 7% total impact fee qualifying (14% to the SSA and 86% to the NSA). The percent related to growth is based on defining the projects built in the three year spending window from date of issuance, 2014 and 2018 respectively. There are different blends of projects built into each bond, thus you have a different amount that is growth related. Some projects constructed are repair and replacement related only. The 2014 bond has five projects being constructed, while the 2018 only has three. For details on the proportionate share of the bonds please see Appendix 4. There is further discussion about the debt in the body of this document.

Future Capital Improvements

Bowen Collins & Associates provided a list of capital projects to be constructed in the next ten years. The engineers identified the percent of the project that will serve growth through buildout and then a further breakdown of how much the capital project will benefit the 5,818 new ERCs to be added in the next ten years. The 2013 fiscal year total of capital improvements totals \$25,678,254. The total impact fee qualifying future expense for the North Service Area is \$995,238 and the South totals \$799,322.

CALCULATED FEE

The impact fees have been calculated with all the above considerations for four service areas in addition to a Future Treatment Area. The collection fee in the four service areas is calculated per ERC. The Future Treatment Service Area will be exempt from impact fees, but will need to develop plans for conveyance and treatment on its own. The treatment component of Saratoga Springs' sewer utility (treatment fee) is provided by Timpanogos Special Service District (TSSD) and applies to all areas within the city boundary.

SECTION B: Impact Fee Analysis



Figure ES2: Recommended Maximum Legal Collection Fee per ERC for Each Service Area
Saratoga Springs Impact Fee - North Service Area - Posey Lift Station

North Service Area - Posey	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 995,238	100%	100%	995,238	2,958	\$ 336
Buy In - Existing Assets	206,388	100%	100%	206,388	2,958	70
Subtotal	\$ 1,201,626	100%		\$ 1,201,626		\$ 406
Debt						
Posey Lift Station - Reimbursement Agreement	1,414,390	100%	100%	1,414,390	2,958	478
Proposed Series 2014 Debt Service	5,081,556	0%	1%	105	2,958	0
Proposed Series 2014 Bond Proceeds	(3,453,000)	0%	1%	(71)	2,958	(0)
Proposed Series 2018 Debt Service	24,595,436	6%	86%	1,251,046	2,958	423
Proposed Series 2018 Bond Proceeds	(16,713,000)	6%	86%	(850,106)	2,958	(287)
Subtotal	\$ 10,925,381			\$ 1,815,363		\$ 614
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,958	-
Total Impact Fee Per ERU						\$ 1,020

Saratoga Springs Impact Fee - South Service Area

South Service Area	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 799,322	100%	100%	\$ 799,322	2,860	\$ 279
Buy In - Existing Assets	797,902	100%	100%	797,902	2,860	279
Subtotal	\$ 1,597,224	100%		\$ 1,597,224		\$ 558
Debt						
Proposed Series 2014 Debt Service	5,081,556	14%	99%	\$ 697,220	2,860	\$ 244
Proposed Series 2014 Bond Proceeds	(3,453,000)	14%	99%	(473,772)	2,860	(166)
Proposed Series 2018 Debt Service	24,595,436	1%	14%	47,096	2,860	16
Proposed Series 2018 Bond Proceeds	(16,713,000)	1%	14%	(32,003)	2,860	(11)
Subtotal	\$ 9,510,992			\$ 238,541		\$ 83
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,860	-
Total Impact Fee Per ERU						\$ 642

Saratoga Springs Impact Fee - South Service Area - Harbor Bay North Benefitted Area

South Service Area - Harbor Bay North Benefitted Area	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 799,322	100%	100%	\$ 799,322	2,860	\$ 279
Buy In - Existing Assets	797,902	100%	100%	797,902	2,860	279
Subtotal	\$ 1,597,224	100%		1,597,224		558
Debt						
Reimbursement Agreement - Harbor Bay Lift Station NBA						\$ 1,346
Proposed Series 2014 Debt Service	5,081,556	14%	99%	697,220	2,860	244
Proposed Series 2014 Bond Proceeds	(3,453,000)	14%	99%	(473,772)	2,860	(166)
Proposed Series 2018 Debt Service	24,595,436	1%	14%	47,096	2,860	16
Proposed Series 2018 Bond Proceeds	(16,713,000)	1%	14%	(32,003)	2,860	(11)
Subtotal	\$ 9,510,992			\$ 238,541		\$ 1,429
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,860	-
Total Impact Fee Per ERU						\$ 1,987

SECTION B: Impact Fee Analysis



Figure ES2.A: Recommended Maximum Legal Collection Fee per ERC for Each Service Area

South Service Area - Harbor Bay South Benefitted Area	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 799,322	100%	100%	\$ 799,322	2,860	\$ 279
Buy In - Existing Assets	797,902	100%	100%	797,902	2,860	279
Subtotal	1,597,224	100%		1,597,224		558
Debt						
Reimbursement Agreement - Harbor Bay Lift Station SBA						\$ 2,938
Proposed Series 2014 Debt Service	5,081,556	14%	99%	697,220	2,860	244
Proposed Series 2014 Bond Proceeds	(3,453,000)	14%	99%	(473,772)	2,860	(166)
Proposed Series 2018 Debt Service	24,595,436	1%	14%	47,096	2,860	16
Proposed Series 2018 Bond Proceeds	(16,713,000)	1%	14%	(32,003)	2,860	(11)
Subtotal	\$ 9,510,992			\$ 238,541		\$ 3,021
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,860	-
Total Impact Fee Per ERU						\$ 3,580

PROJECT OVERVIEW

Zions Bank Public Finance (Zions) is pleased to provide the City of Saratoga Springs (the City) with an update to the sanitary sewer impact fees. Saratoga Springs realizes that due to the age of its current analysis, as well as changes to the Impact Fees Act, required updates and review of the current impact fees as well as the facility planning are needed. The City is still growing rapidly and has many capital needs. The update to the analysis is an intensive collaborative effort that meets the needs of City Stakeholders and the City. The information used to create this fee analysis was provided by City staff, Zions Bank Public Finance and Bowen Collins & Associates.

The goal 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 the following items, required by the 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)

IMPACT FEE ANALYSIS REQUIREMENTS

Service Area

For the purpose of impact fees, the City's overall service area has been divided into three major impact fee areas (with two additional subareas). These impact fee areas are shown in the Sewer IFFP and include the following:

North Service Area – Through the middle of the City is a major sewer trunk line owned by Eagle Mountain. The size and depth of this trunk line effectively blocks Saratoga Springs sewer drainage facilities from moving from one side of the City to the other. As a result, the City essentially operates two separate systems until their combination point at the TSSD outfall at the east end of the City. The north portion of this area will be identified in this report as the North Service Area.

South Service Area – Most of the area south of the Eagle Mountain trunk line has been identified as the South Service Area. Within this area are two subareas that must be considered for impact fee purposes. This includes the North and South Benefited Areas of the Harbor Bay Lift Station. These areas are functionally part of the South Service area but include additional reimbursement agreements that affect development that falls within the areas. A detailed figure identifying these subareas and their associated facilities has been included in the appendix of this report.

Future Treatment Service Area – As part of previous master plans, it was decided that the City collection system would only extend to the south as far as the service area of the Marina Lift station. All areas to the south of this boundary will be served by a future treatment plant. As a result, development in this service area will be exempt from impact fees, but will need to develop plans for conveyance and treatment on its own.

Growth and ERC Projections

The driving force of a sewer collection impact fee analysis is the Equivalent Residential Connection (ERC). The Impact Fee Facilities Plan defines an ERC as 40 fixture units³. Currently the City has 5,059 equivalent residential

³ Page 3-1 Bowen Collins & Associates Capital Facilities Plan and Impact Fee Facilities Plan

connections. In the next ten years it is anticipated that the City will grow to 10,877⁴ ERCs (an increase of 5,818 ERCs). The ERCs and the percent increase are displayed below.

Figure 1: ERCs

	ERU Projections	% Increase
2012	5,059	
2013	5,430	7%
2014	5,812	7%
2015	6,194	6%
2016	6,576	6%
2017	7,377	11%
2018	7,986	8%
2019	8,671	8%
2020	9,541	9%
2021	10,207	7%
2022	10,877	6%

There will be significant growth expected within the City’s boundaries and increase demand on the City’s collection facilities that exist currently and will also require new projects to meet further demand. The area is growing at a very rapid pace. The growth projections in both population and ERCs can be found in the Appendix of this document.

The North Service Area will increase by 2,958 ERCs in ten years and the South will add 2,860 ERCs by 2022.

Level of Service Definitions

Residential development is generally assigned a value of 1 ERC for every dwelling unit. For non-residential development, the City assigns an ERC value based on a fixture count that is performed at the issuance of the Building Permit. The fixture count is based on the International Plumbing Code (IPC), issued by the International Code Council as a method to predict peak water and sewer use by the number of water fixtures and the type of water fixtures a building has. Each fixture type is assigned a load value in water supply fixture units (wsfu). For example, a kitchen sink has a load factor of 1.4 wsfu based on how much water is used at a kitchen sink. A typical residential toilet has a load factor of 2.2 wsfu because a toilet uses more water than a kitchen sink. Once all the fixtures are identified, all the fixture units are added together for a total fixture unit count. The City also uses the IPC as the plumbing standards used for plan reviews and building inspections. The IPC fixture count method is used to size the water meter and sewer lateral.

For the evaluation of future growth, it has been assumed that the City will continue to use the IPC fixture unit count method to calculate ERCs. Based on historic City practice, a ¾-inch water meter is the minimum size allowed for a residential connection and all connections are considered to be at least one ERC. The maximum fixture count allowed for a ¾-inch residential water meter is 40. For fixture counts greater than 40, a larger meter will be required and a larger value of ERCs will be calculated.

Therefore the City has defined the current level of service for this impact fee analysis as:

- Sewer: 40 fixtures units

⁴ Page 3-2 Bowen Collins & Associates Capital Facilities Plan and Impact Fee Facilities Plan

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

Appendix 3 provides an expense report for the assets owned and operated by Saratoga Springs for collection/outfall lines and other assets. Included with the assets are the original dates of construction or acquisition and the original cost of the collection component of the sanitary sewer system. Pioneering Agreements are also financing elements that the City has used to fund existing capacity. The cost retired for the agreements as well as the fee outstanding per ERC has been included in the analysis. An analysis has been completed to identify the capacity to serve new growth. Bowen Collins & Associates has determined that the percent of existing capacity to serve 10-year growth and this amount, per asset, has been included in the IFA. Full details are found in Appendix 3 and Section H of this document.

Treatment

Timpanogos Special Service District provides the City treatment for the sewer utility (sewer treatment fee assessed).

Debt/Pioneering and Development Agreements

There are two proposed future bonds anticipated in this analysis. The capital projects defined in the Impact Fee Facilities Plan require other funding sources outside of rates and fees. The Series 2014 \$3.4M bond is 14.1% (total) impact fee qualifying (99% to the SSA and 1% to the NSA) and the Series 2018 \$16.7M bond is 7% total impact fee qualifying (14% to the SSA and 86% to the NSA). The percent related to growth is based on defining the projects built in the three year spending window from date of issuance, 2014 and 2018 respectively. There are different blends of projects built into each bond, thus you have a different amount that is growth related. Some projects constructed are repair and replacement related only. The 2014 bond has four projects being constructed, and the 2018 has four as well. The debt service schedules and calculations of impact fee qualifying percentages are found in Appendix 4 and 4.A of this document. The Debt Service calculations include a 4% interest rate and a 20 year term.

Posey Lift Agreement

The developers have agreed to a \$700 reimbursement for the assets they have constructed in Saratoga Springs. The agreement and payment of the \$700 per ERC will continue until March 31, 2020. This agreement includes the installed assets of a gravity sewer line and improvements and lift station from the Crossroads area to the TSSD sewer trunk line at Saratoga Road. The development also included a sewer line extension from the end of the gravity sewer line (discussed above) at the Four Corners to the entrance of the "Harvest Hills Planned Residential Community". To fairly incorporate the fee across the ten year horizon, we determined the amount to be paid by the new ERCs the fee would be collected from now until the expiration date of the agreement ($\$1,414,389 = \700×2020 new ERCS) then spread the cost over the entire 10 yr. period.

Harbor Bay Lift Station

Impact fees are used to reimburse the developer for the Harbor Lift Station. The lift station benefits what is defined in the agreement as the Harbor Bay Service Area. The agreement identifies that the improvements only benefit this area and nowhere else. The agreement includes the following facilities at the following costs:

The documented costs total \$578,335.80 for the Phases 4 & 5 of Harbor Bay Subdivision. The costs for the sewer outfall line from El Nautica to Harbor Bay totals \$784,951.40 and the costs of the lift station totals \$1,042,850.56.

The costs of the facilities were apportioned by the appropriate benefitted areas. All of the Harbor Bay Special Service Area will benefit from the Lift Station and Pressure Line. However, only the property south of the new lift station and the pressure line, defined as the "South Benefitted Area" will utilize the Gravity Line Phase I and II. Area north of the lift station will have to bear the cost of a future gravity line to connect to the lift station (detailed plans not identified at time of agreement). Therefore, there are additional costs for the South Benefitted Area.

- North Benefitted Area: \$1,345.61 per ERC in addition to City's Impact Fee, up to 282 units
- South Benefitted Area: \$2,937.81 per ERC in addition to City's Impact Fee

PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act 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.

Saratoga Springs continues to grow and there is still expansion in the area. The capital improvement plan clearly defines what projects are growth related, repair and replacement, or pipe upsizing (the upsizing may include some element of growth). The projects are detailed later in the Future Capital Projects section.

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 including:

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

In calculating the buy-in component (for existing infrastructure capacity) of this analysis no grant funded infrastructure has been included. Once the grant funding projects have been removed, all remaining infrastructure has been funded by existing residents. In order to ensure fairness to existing users, impact fees are an appropriate means of funding future capital infrastructure. 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 capital. 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 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 sewer rates in Saratoga Springs are dedicated to payments on the public works building, operation and maintenance, repair and replacement and ensuring a stable reserve for maintaining a good credit rating.

Bond Proceeds

Based on lack of impact fee reserves and cash funding available for the sewer 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.

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 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 sanitary sewer, thus any property taxes collected on the property being developed is not being used to fund infrastructure or operation and maintenance of the sewer system.

SECTION B: Impact Fee Analysis



Impact Fees

Impact fees are a fair and equitable means of providing infrastructure for future development. They 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 capital needs.

Developer Credits

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

Other

In this particular analysis, there is also a credit for unspent impact fee revenues collected in the past. The current impact fee fund balance for sewer was credited against the fee.

Impact Fee Facilities Plan – Future Capital Projects

The Impact Fee Facilities Plan developed the following capital projects, helped determine the timing and identified what was growth related, and of that amount, how much of the total capacity will be realized in the next ten years (% Impact Fee Qualifying & Impact Fee Qualifying Cost).

Figure 2: Capital Projects

Project Name	Year to be Constructed	FY2013 Cost	Total Construction Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost (Present Value)	Remaining Growth Related	Non Growth Related
South Service Area							
SS-S1.1 River Crossing Alignment & Preliminary Design Study*	2014	\$ 49,154	\$ 49,154	10%	\$ 4,691	\$ 40,588	\$ 3,875
SS-S1.2 River Crossing Trunk Phase 2, Bridge or Siphon*	2018	565,760	565,760	10%	53,999	467,171	44,590
SS-S 1.3 River Crossing Trunk Phase 3, Outfall*	2018	1,801,486	1,801,486	10%	171,942	1,487,561	141,983
SS-S 2.1 Inlet Park Trunk Phase 1, Near Lift Station	2014	1,399,000	1,399,000	16%	227,132	1,171,868	-
SS-S 2.2 Inlet Park Trunk Phase 2, Golf Course Main	2015	1,654,000	1,654,000	13%	213,386	1,232,397	208,217
SS-L1 Lift Station 1 Pump Upgrade	2015	300,000	300,000	12%	35,644	264,356	-
SS-S4.1 700 South Trunk First Half	2022	4,650,600	4,650,600	2%	92,528	4,558,072	-
South Service Area Subtotal		\$ 10,420,000	\$ 10,420,000		\$ 799,322	\$ 9,222,013	\$ 398,665
North Service Area							
SS-S1.1 River Crossing Alignment & Preliminary Design Study*	2014	\$ 50,846	\$ 50,846	10%	\$ 4,853	\$ 41,986	\$ 4,007
SS-S1.2 River Crossing Trunk Phase 2, Bridge or Siphon*	2018	585,240	585,240	10%	55,858	483,257	46,125
SS-S 1.3 River Crossing Trunk Phase 3, Outfall*	2018	1,863,514	1,863,514	10%	177,862	1,538,780	146,872
SS-N 1.0 North Trunk	2018	9,546,000	9,546,000	7%	683,841	7,949,215	912,944
SS-N2 200 West Trunk	2020	2,351,000	2,351,000	3%	72,824	2,278,176	-
North Service Area Subtotal		\$ 14,396,600	\$ 14,396,600		\$ 995,238	\$ 12,291,414	\$ 1,109,948
Ten Year Total		\$ 25,678,254	\$ 25,678,254		\$ 1,794,560	\$ 21,513,427	\$ 2,370,267

CALCULATED FEE

The collection impact fees have been calculated with all the above considerations for the four service areas. The fee is calculated per a single ERC. The fees per ERC can be found in Figure 3. These tables can also be found in Appendix 5.

Figure 3: Recommended Maximum Legal Fee Collection Fee per ERC

Saratoga Springs Impact Fee - North Service Area - PoseyLift Station

North Service Area - Posey	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 995,238	100%	100%	995,238	2,958	\$ 336
Buy In - Existing Assets	206,388	100%	100%	206,388	2,958	70
Subtotal	\$ 1,201,626	100%		\$ 1,201,626		\$ 406
Debt						
Posey Lift Station - Reimbursement Agreement	1,414,390	100%	100%	1,414,390	2,958	478
Proposed Series 2014 Debt Service	5,081,556	0%	1%	105	2,958	0
Proposed Series 2014 Bond Proceeds	(3,453,000)	0%	1%	(71)	2,958	(0)
Proposed Series 2018 Debt Service	24,595,436	6%	86%	1,251,046	2,958	423
Proposed Series 2018 Bond Proceeds	(16,713,000)	6%	86%	(850,106)	2,958	(287)
Subtotal	\$ 10,925,381			\$ 1,815,363		\$ 614
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,958	-
Total Impact Fee Per ERU						\$ 1,020

Saratoga Springs Impact Fee - South Service Area

South Service Area	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 799,322	100%	100%	\$ 799,322	2,860	\$ 279
Buy In - Existing Assets	797,902	100%	100%	797,902	2,860	279
Subtotal	\$ 1,597,224	100%		\$ 1,597,224		\$ 558
Debt						
Proposed Series 2014 Debt Service	5,081,556	14%	99%	\$ 697,220	2,860	\$ 244
Proposed Series 2014 Bond Proceeds	(3,453,000)	14%	99%	(473,772)	2,860	(166)
Proposed Series 2018 Debt Service	24,595,436	1%	14%	47,096	2,860	16
Proposed Series 2018 Bond Proceeds	(16,713,000)	1%	14%	(32,003)	2,860	(11)
Subtotal	\$ 9,510,992			\$ 238,541		\$ 83
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,860	-
Total Impact Fee Per ERU						\$ 642

Saratoga Springs Impact Fee - South Service Area - Harbor Bay North Benefitted Area

South Service Area - Harbor Bay North Benefitted Area	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 799,322	100%	100%	\$ 799,322	2,860	\$ 279
Buy In - Existing Assets	797,902	100%	100%	797,902	2,860	279
Subtotal	\$ 1,597,224	100%		1,597,224		558
Debt						
Reimbursement Agreement - Harbor Bay Lift Station NBA						\$ 1,346
Proposed Series 2014 Debt Service	5,081,556	14%	99%	697,220	2,860	244
Proposed Series 2014 Bond Proceeds	(3,453,000)	14%	99%	(473,772)	2,860	(166)
Proposed Series 2018 Debt Service	24,595,436	1%	14%	47,096	2,860	16
Proposed Series 2018 Bond Proceeds	(16,713,000)	1%	14%	(32,003)	2,860	(11)
Subtotal	\$ 9,510,992			\$ 238,541		\$ 1,429
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,860	-
Total Impact Fee Per ERU						\$ 1,987

SECTION B: Impact Fee Analysis



Saratoga Springs Impact Fee - South Service Area - Harbor Bay South Benefitted Area

South Service Area - Harbor Bay South Benefitted Area	Cost	% Impact Fee Qualifying	% to Service Area	Impact Fee Qualifying Cost	ERUs to be Served	Cost per ERU
Collection Impact Fee						
IFFP Projects	\$ 799,322	100%	100%	\$ 799,322	2,860	\$ 279
Buy In - Existing Assets	797,902	100%	100%	797,902	2,860	279
Subtotal	1,597,224	100%		1,597,224		558
Debt						
Reimbursement Agreement - Harbor Bay Lift Station SBA						\$ 2,938
Proposed Series 2014 Debt Service	5,081,556	14%	99%	697,220	2,860	244
Proposed Series 2014 Bond Proceeds	(3,453,000)	14%	99%	(473,772)	2,860	(166)
Proposed Series 2018 Debt Service	24,595,436	1%	14%	47,096	2,860	16
Proposed Series 2018 Bond Proceeds	(16,713,000)	1%	14%	(32,003)	2,860	(11)
Subtotal	\$ 9,510,992			\$ 238,541		\$ 3,021
Impact Fee Fund Balance Credit						
Impact Fee Fund Balance Credit	-	100%		-	2,860	-
Total Impact Fee Per ERU						\$ 3,580

SECTION C: Impact Fee Certification



In accordance with Utah Code Annotated, 11-36a-306(2), Matthew Millis on behalf of Zions Bank Public Finance, makes the following certification:

I certify 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. offset costs with grants or other alternate sources of payment; and
4. complies in each and every relevant respect with the Impact Fees Act.

Matthew Millis makes this certification with the following caveats:

1. All of the recommendations for implementations of the Impact Fee Facilities Plans ("IFFPs") made in the IFFP documents or in the impact fee analysis documents are followed in their entirety by Saratoga Springs staff and elected officials.
2. If all or a portion of the IFFPs or impact fee analyses are modified or amended, this certification is no longer valid.
3. All information provided to Zions Bank Public Finance, its contractors or suppliers is assumed to be correct, complete and accurate. This includes information provided by Saratoga Springs and outside sources. Copies of letters requesting data are included as appendices to the IFFPs and the impact fee analysis.

Dated: July 3, 2014

ZIONS BANK PUBLIC FINANCE

A handwritten signature in black ink, appearing to read 'Matthew Millis', written over a horizontal line.

By Matthew Millis



(This Page Intentionally Left Blank)

The notices found in this section were sent to the following parties on July 28th, 2011:

- AGRC
- Alpine School District
- Bureau of Reclamation
- Comcast
- Eagle Mountain City
- Governor's Office of Planning and Budget
- Lehi City
- MountainLand Association of Governments
- Questar Corporation
- Qwest Communications
- Rocky Mountain Power
- Timpanogos Special Service District
- Utah County Commission
- Utah County Public Works
- Utah Department of Transportation
- Utah Lake Distributing Canal Company
- Welby Jacobs Water Users Company

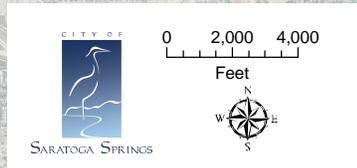


SECTION F: Supplemental Information



(This Page Intentionally Left Blank)

Impact Fee Analysis - Sewer Service Areas



North Service Area - Posey
Total Impact Fee Per ERU: \$1,020

South Service Area
Total Impact Fee Per ERU: \$642

South Service Area
Harbor Bay North Benefitted Area
Total Impact Fee Per ERU: \$1,987

South Service Area
Harbor Bay South Benefitted Area
Total Impact Fee Per ERU: \$3,580

Future Treatment Area

- Legend**
- City Boundary
 - North Service Area - Posey
 - South Service Area
 - Future Treatment Area
 - Harbor Bay Special Service Area**
 - Service Area
 - North Benefitted Area
 - South Benefitted Area

S:\GIS\Utilities\Sewer\Maps\SewerServiceAreaImpactFeeAnalysis.mxd