PARK CITY

DRAFT TRANSPORTATION IMPACT FEE ANALYSIS

Zions Public Finance, Inc.
November 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") 2020 prepared by T-O Engineers.

Projected Growth. The IFFP projects that new development in Park City is projected to grow by an estimated 26,468 average daily trips (ADTs) between 2020 and 2026 – from 608,560 ADTs in 2020 to 635,028 trips in 2026. This growth 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, "improvements are forecast to maintain the existing level of service (LOS) for the next 6 years."

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

Excess Capacity. Park City's IFFP does not identify any excess capacity that can be included in the impact fee calculations.

New Construction. Park City's IFFP identifies a total of 10 projects necessitated by new development at a total cost of $39,556,540. However, the IFFP allocates only $11,249,677 of these costs to the next 10 years. Further, only 40 percent ($4,499,871), can be attributed to new development within the next 10 years. The remaining $6,749,806 will be used to benefit existing development, cure existing deficiencies, and service pass-thru traffic. Impact fee credits must be made so that new development does not pay twice.

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

TABLE 1: PROPORTIONATE SHARE ANALYSIS - GROSS COST PER TRIP

Description	Cost per ADT
Buy-In to Excess Capacity	$0.00
New Construction Cost	$170.01
Consultant Costs	$0.57
Fund Balance	($14.44)
Gross Cost per Trip	**$156.14**

The gross cost per ADT is $156.14. A credit must be made for the new improvements that will cure existing deficiencies so that new development will not pay twice. This reduces the total cost per trip to $149.06.

TABLE 2: CREDIT FOR EXISTING DEFICIENCIES

Description	Amount
Gross Cost per Trip	$156.14
Credits for Deficiencies	($7.08)

Description	Amount
TOTAL Cost per Trip	**$149.06**

The cost per trip 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 enact any fee up to the maximum fees shown below.

TABLE 3: MAXIMUM TRANSPORTATION IMPACT FEES INTO MAJOR GROUPINGS

ITE Code	ITE Land Use	Unit	ITE Daily Trip Rate*	Pass -By	Adjusted Trip Rate*	Maximum Impact Fee 2021-2025
130	Industrial Park 130	1000 Sq. Feet Gross Floor Area	3.37		1.69	$251.16
210	Single-Family Detached Housing	Dwelling Unit	9.44		4.72	$703.55
221	Multi-Family	Dwelling Unit	5.44		2.72	$405.44
310	Hotel	Room	8.36		4.18	$623.06
820	Shopping Center / Strip Mall	1000 Sq. Feet Gross Leasable Area	37.75	34%	12.46	$1,856.89

*The adjusted trip rate multiplies the ITE daily trip rates by 50% in order to align trips used in the IFFP with the method employed by the ITE. This adjustment accounts for the fact that the ITE manual counts a "trip" each time a vehicle crosses its driveway, while the IFFP cuts that number in half.

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

Development activity in Park City is based on both residential and nonresidential growth. Growth projections are then used by the City's engineers to identify the new facilities needed due to the demands of new growth. Growth projections are as follows:

TABLE 4: GROWTH PROJECTIONS

Year	Average Daily Trips (ADTs)
2020	608,560
2021	612,971
2022	617,382
2023	621,793
2024	626,204
2025	630,615
2026	635,028
2027	639,439
2028	643,850
2029	648,261
2030	652,672
2031	657,083
2032	661,494
2033	665,905
2034	670,316
2035	674,727
2036	679,138
2037	683,549
2038	687,960
2039	692,371
2040	696,782

The engineers have not identified any excess capacity in the existing City-owned roads for which impact fees could be charged as a "buy-in" component.

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)

Park City City's IFFP identifies a total of 10 projects necessitated by new development at a total cost of $39,556,540. The engineers have allocated $11,249,677 to curing existing deficiencies and the demands created by new development within the next 10 years. The engineers have carefully removed any costs associated with pass-through trips as these costs must be borne by the community as a whole.

TABLE 5: PROJECT COSTS

Improvements	Project Cost	Project Allocation
Systemwide Bus Stop Improvements	$1,700,000	$211,418
SR224 BRT	$10,000,000	$6,762,400
Arts and Culture District Mobility Hub	$9,000,000	$63,053
Munchkin Complete Street Improvement and Connection	$1,266,380	$1,061,937
Woodbine and Homestake Complete Streets Improvements	$2,490,160	$1,933,581
Mobility as a Service Improvement and Curbside Improvements	$1,500,000	$23,609
Iron Horse Complete Street Improvements	$2,200,000	$157,708
Deer Valley Drive Complete Streets and Resort Transit Access	$6,000,000	$383,662
Park Avenue Complete Street Improvements	$2,400,000	$126,309
Old Town Complete Street Improvements	$3,000,000	$526,000
TOTAL	**$39,556,540**	**$11,249,677**

Based on the determination of the engineers as shown in the IFFP, 40 percent of the allocable costs are attributable to new development while 60 percent of the new construction costs are associated with curing existing deficiencies in the roadway system.

TABLE 6: NEW DEVELOPMENT PORTION OF NEW CONSTRUCTION COSTS

	Total	Existing Development	New Development
New Construction Costs, 2020-2026	$11,249,677	$6,749,806	$4,499,871

The total cost of $4,499,871 attributable to new development between 2020 and 2026 must be shared proportionately between the additional trips projected for that time period. ADTs are projected to grow from 608,560 trips in 2020 to 635,028 trips in 2026 – an increase of 26,468 trips over the 6-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)

New Construction Cost Calculation

In order to maintain its current service level, Park City will need to construct additional facilities, as identified previously. The proportionate cost per trip for new construction is $170.01

TABLE 7: PROPORTIONATE SHARE CALCULATION – NEW CONSTRUCTION COST

New Construction	Amount
New Construction Costs	$4,499,871
Growth in ADTs, 2020-2026	26,468
Cost per Trip	**$170.01**

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 2026.

TABLE 8: PROPORTIONATE SHARE CALCULATION – CONSULTING COSTS

Description	Amount
Consultant Costs	$15,000
Growth in ADTs, 2020-2026	26,468
Cost per Trip	**$0.57**

Park City has a balance of $382,193 in its transportation impact fee fund as of November 2020. Therefore, the following credit needs to be made against the impact fee fund balance.

TABLE 9: IMPACT FEE CREDIT CALCULATION

Description	Amount
Impact Fee Fund Balance	$382,193
Growth in ADTs, 2020-2026	26,468
Credit per Trip	**($14.44)**

Summary of Impact Fees

TABLE 10: SUMMARY OF GROSS IMPACT FEE

Summary	
New Construction Cost	$170.01
Consultant Costs	$0.57
Fund Balance	($14.44)
Gross Cost per Trip	**$156.14**

The IFFP estimates that $6,749,806.20 of new construction costs will be used to benefit existing development.[1] Therefore, a credit must be made against this amount to ensure that new development does not pay twice. Assuming that the costs are spread equally over 20 years, the average annual payment would be $337,490.31.

TABLE 11: ANNUAL PAYMENT ESTIMATE TO CORRECT EXISTING DEFICIENCIES

Credit Amt	$6,749,806.20
Years	20
Payment per Year	$337,490.31

The annual payment per year is then divided by the total number of trips in the City per year in order to get a cost per trip. Because these "costs" will continue over many years, the net present value of these costs must be calculated and subtracted from the gross impact fee. The maximum impact fee credit is based on the net present value (NPV) of the annual costs per trip. The five-year average credit is $7.08.

TABLE 12: ANNUAL PAYMENT ESTIMATE TO CORRECT EXISTING DEFICIENCIES

Year	Trips	Cost per Trip	NPV* of Credits
2021	612,971	$0.55	$7.73
2022	617,382	$0.55	$7.41
2023	621,793	$0.54	$7.09
2024	626,204	$0.54	$6.76
2025	630,615	$0.54	$6.42
2026	635,028	$0.53	$6.08
2027	639,439	$0.53	$5.73
2028	643,850	$0.52	$5.37
2029	648,261	$0.52	$5.01
2030	652,672	$0.52	$4.64
2031	657,083	$0.51	$4.26
2032	661,494	$0.51	$3.88
2033	665,905	$0.51	$3.48
2034	670,316	$0.50	$3.08
2035	674,727	$0.50	$2.67

[1] Includes the 2 percent of pass-thru traffic costs

Year	Trips	Cost per Trip	NPV* of Credits
2036	679,138	$0.50	$2.25
2037	683,549	$0.49	$1.82
2038	687,960	$0.49	$1.38
2039	692,371	$0.49	$0.93
2040	696,782	$0.48	$0.47

NPV = net present value discounted at a rate of 3 percent

The total cost per trip is then applied to the daily trips generated by various land use types. The more trips that are associated with a particular land use or development, the greater its impact on the street system.

An adjustment of 50 percent has been made in the calculation of impact fees shown below in order to reconcile the method of calculating trip ends between ITE and the IFFP.

TABLE 13: SUMMARY OF MAXIMUM IMPACT FEES

ITE Code	ITE Land Use	Unit	ITE Daily Trip Rate*	Pass -By	Adjusted Trip Rate*	Maximum Impact Fee 2021-2025
130	Industrial Park 130	1000 Sq. Feet Gross Floor Area	3.37		1.69	$251.16
210	Single-Family Detached Housing	Dwelling Unit	9.44		4.72	$703.55
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*The adjusted trip rate multiplies all of the ITE daily trip rates by 50% in order to align trips used in the IFFP with the method employed by the ITE. This adjustment accounts for the fact that one method counts each time a vehicle crosses its driveway, while the other method counts that as one trip.

Calculation of Credits

The City does not have any outstanding bonds for roadway construction. Therefore, no credits need to be made against the transportation impact fees due to outstanding debt obligations.

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.