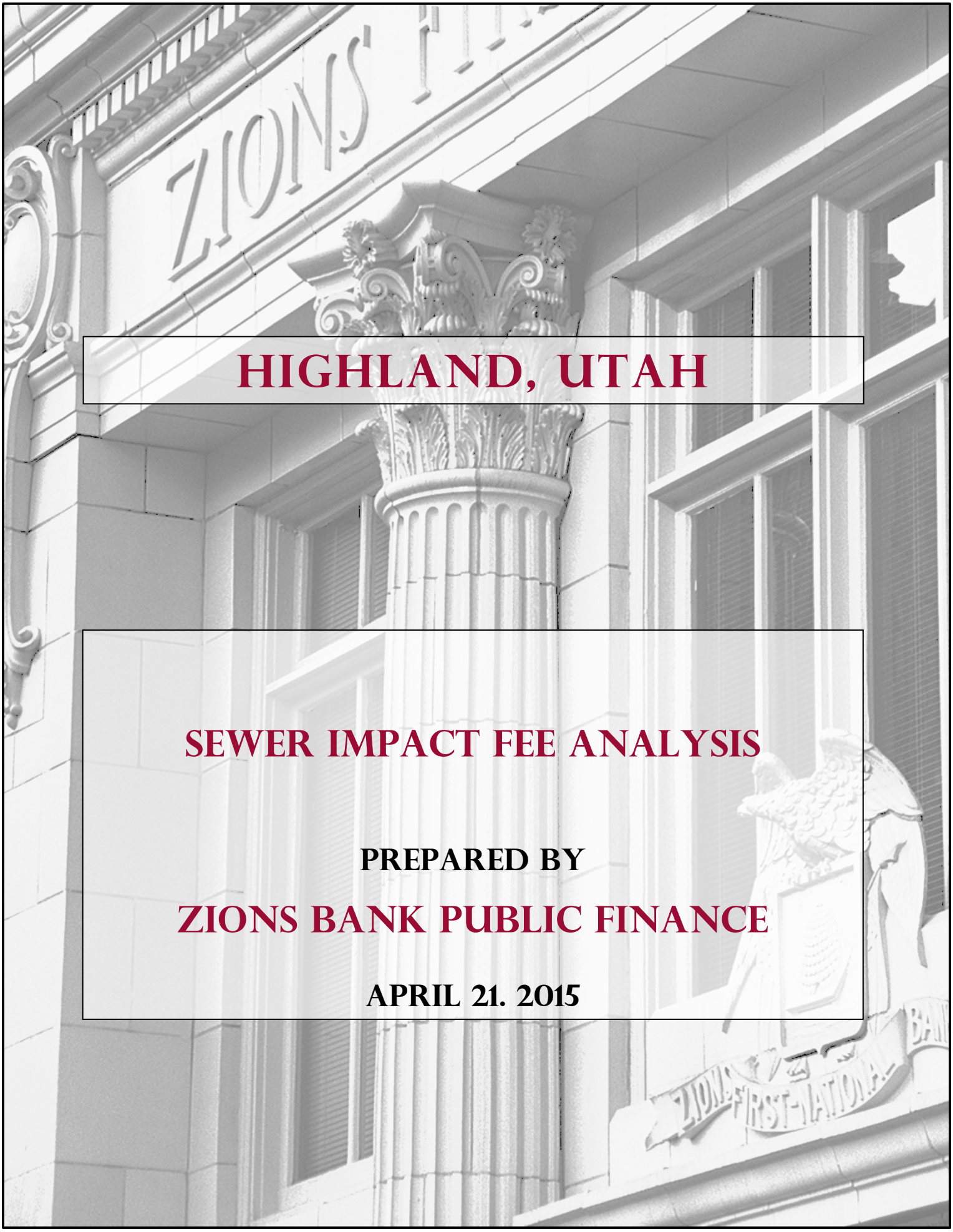

HIGHLAND, UTAH

SEWER IMPACT FEE ANALYSIS

PREPARED BY

ZIONS BANK PUBLIC FINANCE

APRIL 21. 2015

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Executive Summary

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

Growth and ERC Projections

Currently the City has a total of 4,198 equivalent residential connections (ERCs). The following table identifies the current and future ERCs in the City. The analysis considers growth over the next ten years. Between now and 2024, ERCs will increase by 1,307 to reach 5,505. The wastewater IFA is seperated into two service areas, the Central Service Area and the South East Service Area. The Central Service Area will add 421 ERCs and the South East Service Area is expected to grow by 885 ERCs in the next ten years. The full growth table can be found in Appendix 1 of the document.

Figure ES1: ERCs

Wastewater		
	Current	Buildout
Current ERCs[1]	4,198	7,504

[1] *HAL 2015 IFFP*

Level of Service Definitions

Hansen Allen & Luce defined the City's level of service in the Impact Fee Facilities Plan. The plans state the following:

	LOS	2014	2024	Build Out 2064
Average Daily Flow	350 gpd/ERC	1.47 MGD	1.93 MGD	2.6 MGD
Peak day Flow	Ave. Day Flow x 2.1517 x ERCs $^{-0.156}$			
Maximum Depth Ratio	70% for 15" Pipes, 50% for Pipes smaller than 15"			
Minimum Velocity	2 fps			

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

Historically the City has funded its existing wastewater infrastructure through user fees (rate revenues), impact fees and developer exactions and donations. All of these funding sources (with exception of developer contributions/donations) are impact fee qualifying expenses to be considered for buy–in purposes.

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.[1]

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 historic value of the facilities is $1,781,444[2]. The assets in the Central Service Area totals $1,550,206. The South East Service Area assets total $236,233. Only the original costs of the improvements have been considered. See Appendix 2 for the detailed list of assets for the collection system. An analysis has been completed to identify the capacity to serve new growth. Approximately 29% of the value of the existing assets shall be included as a buy-in component of the impact fee for the Central Service Area and 64% is included in the South East Service Area. This will be discussed in greater detail later in this document and can be found in Appendix 3 of this document.

Future Capital Improvements

Hansen Allen & Luce provided a list of capital projects to be constructed in the next six to ten years. The engineers defined the percent of the project that will benefit growth through the next ten years. The 2014 fiscal year total of capital improvements is $5,876,176. The Central Service Area projects make up $3,703,743 of that total and the South East Service Area capital projects total $2,172,433. The IFFP defines approximately 13% of the cost Central Service Area and 69% of the South East Service Area will be included into the impact fee calculation.

Outstanding and Future Debt

There is no outstanding wastewater related debt in Highland. It is not anticipated that the City will bond for wastewater within the next ten years.

Calculated Fee

The impact fees have been calculated with all the above considerations for the Central and South East Service Areas. The fee is calculated per ERC. For non-residential land uses, new connections will pay the fee based on the equivalent residential connections each land use generates.

The treatment component of Highland's wastewater utility is provided by Timpanogos Special Service District (TSSD). The District also assesses an impact fee. The City will collect the fee and remit the District's portion back to TSSD. The District's fee may change and thus, the total has not been identified in this analysis but can be found in the ordinance of the analysis. That way, if TSSD adopts a new fee, the City may update their fee schedule and not be required to update the entire impact fee analysis.

[1] Utah Impact Fees Act, 11-36a-304(2) (c) (d)
[2] HAL and Highland City

FIGURE ES2: MAXIMUM LEGAL FEE PER ERC[3]

CENTRAL SERVICE AREA

Units of Measure	Central Service Area Impact Fee
Per Equivalent Residential Connection	$ 2,125.98
Per Fixture Units (26 Units per ERC)	81.77
Per Gallon	$ 6.07

SOUTH EAST SERVICE AREA

Units of Measure	SE Service Area Impact Fee
Per Equivalent Residential Connection	$ 2,175.14
Per Fixture Units (26 Units per ERC)	83.66
Per Gallon	$ 6,214.68

FIGURE ES3: NON-STANDARD IMPACT FEE CALCULATION

Wastewater Non-Standard Impact Fee Formula
Central Service Area
Multiply Average Day Flow (Gallons) by Impact Fee per Gallon of $6.07
Southeast Service Area
Multiply Average Day Flow (Gallons) by Impact Fee per Gallon of $6.21

[3] Plus the TSSD treatment component fee added.

Chapter 1: Impact Fee Overview

Project Overview

Zions Bank Public Finance (Zions) is pleased to provide Highland City (the City) with an update to the wastewater impact fees. Highland realizes that due to the age of its current analysis, as well as changes to the Impact Fees Act, required updates and review of its impact fees as well as its 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 Hansen Allen & Luce.

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 exisitng and future improvements
- Calculated fee (Utah Code 11-36a-305)
- Certification (Utah Code 11-36a-306)

Why Is the City Updating the Existing Analysis?

The City has commissioned this Wastewater Impact Fee Analysis amendment to accomplish the following:

- Determine the maximum impact fee that may be assessed to new development;
- Update capital need projections and account for historic costs of facilities;
- Put the analysis in compliance with the changes to the Impact Fees Act effective May 2011;
- Include an Impact Fee Facilities Plan (IFFP) with a ten year capital planning horizon; and
- More clearly define the current level of service and the future level of service that the City will provide.

What is an Impact Fee?

An impact fee is a one-time fee, not a tax, charged to new development to recover the City's cost of constructing wastewater collection facilities with capacity to serve new growth. The fee is assessed at the time of building permit issuance as a condition of development approval. The calculation of the impact fee must strictly follow the Impact Fees Act to ensure that the fee is equitable and fair.

This analysis shows that there is a fair comparison between the impact fee charged to new development and the impact the new development will have upon the system in terms of taking available capacity. Impact fees are charged to development according to a number of ERCs generated, which is a realistic measure of the potential wastewater demands that each user will add to the system.

How Will New Growth Affect the City?

According to the current Impact Fee Facilities Plan, the City's existing ERCs total 4,198 and the plan estimates that over the next six to ten years the City will add approximately 1,307 ERCs. When the City is built out, it is anticipated that there will be 7,504 ERCs.

This new growth and increased flows will generally increase wastewater demands as the density of development increases, and extending pipe networks and other facilities as development stretches farther away. In the case of the City, the capacity needed for new growth is found in both existing facilities that the City has built ahead of the growth and in the future capital projects that will be constructed in the next ten years. The recommended impact fee will balance the cost of capacity that is already "in the ground" and new projects that are needed to serve the additional anticipated growth.

Population growth is important to Impact Fee Facilities Planning as population, in addition to non-residential demands, drive project needs and timing. However, this analysis is not population dependent as the system is sized for commercial, industrial, institutional, churches, schools, etc. The primary measurement of capacity and demand in a wastewater system is an ERC. The fee is based on capacity available in the existing system and in future projects and is not directly dependent upon population, as non-residential demands have a great impact upon the wastewater system, or upon the growth rate.

FIGURE 1: PROJECTED GROWTH IN POPULATION AND WASTEWATER ERCS

ERC Projections	
2015	4,198
2016	4,329
2017	4,459
2018	4,590
2019	4,721
2020	4,852
2021	4,982
2022	5,113
2023	5,244
2024	5,374
2025	5,505

ERC's Added in Central Service Area
421
ERC's Added in South East Service Area
885

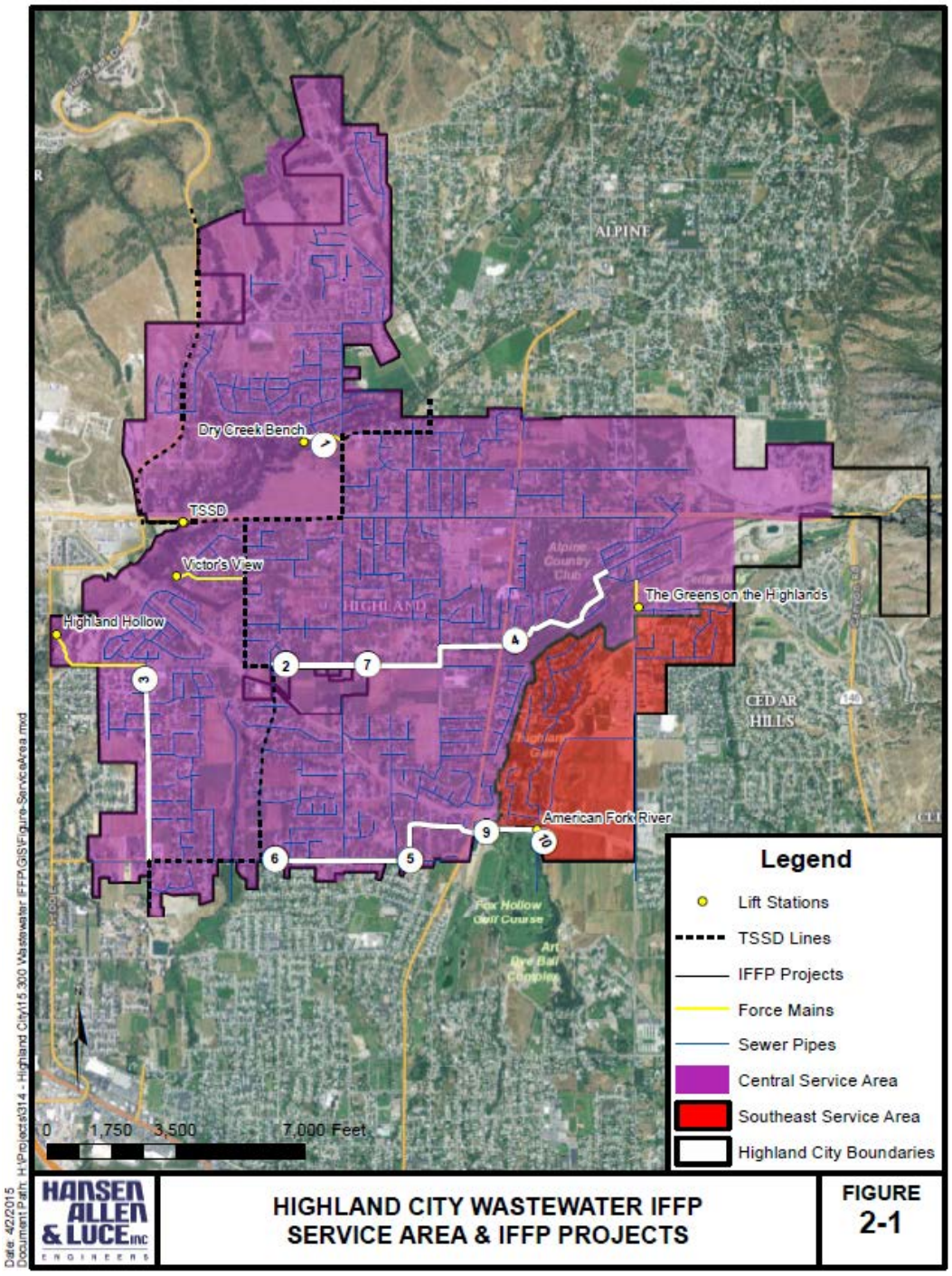
WHY ARE IMPACT FEES NECESSARY?

Impact fees are necessary to allocate the costs of unused wastewater system capacity that is reserved for new growth to the developments that will benefit from it. Impact fees help to shield existing users from shouldering the burden of paying not only for the capacity that they use but also from funding the cost of capacity needed for new development to occur.

WHERE WILL THE IMPACT FEES BE ASSESSED?

The impact fees will be assessed within the City's Central and South East Service Areas. A detailed map of the Service Area included below.

FIGURE 2: SERVICE AREA MAP



WHAT COSTS ARE INCLUDED IN THE IMPACT FEE?

Impact fee revenues may not be spent on capital projects or associated costs, such as financing interest expenses that constitute repair and replacement, cure any existing deficiencies, or maintain the existing level of service for current users. Impact fees cannot fund operational expenses. The proposed impact fees will be assessed throughout each specific service area, Central and South East.

The impact fees proposed in this analysis are calculated based upon:

- Costs of replacement facilities that are needed to perpetuate unused capacity in the system that growth will require;
- New capital infrastructure that provides new capacity for growth;
- Historic costs of existing improvements that maintain capacity that will serve new development; and
- Cost of professional services for engineering, planning services and preparation of the Impact Fee Facilities Plan and Impact Fee Analysis.

What Costs Are Not Included in the Impact Fee?

The costs, both direct capital and financing, that cannot be included in the impact fee are as follows:

- Projects that cure deficiencies for existing users;
- Projects that increase the level of service above that which is currently provided;
- Operations and maintenance costs;
- Costs of facilities funded by grants or other funds that the City does not have to repay; and
- Costs of reconstruction of facilities that do not have capacity to serve new growth.

How Are Impact Fees Calculated?

The general impact fee methodology splits the capacity in existing facilities and future capital projects between that which already benefits existing users and capacity that is available to benefit new growth. A cost is assigned to the capacity that is available for new growth based upon the historic cost of water and secondary water facilities and the future costs of wastewater infrastructure. A final fee per residential or non-residential land use is calculated by multiplying the cost per ERC by the number of ERCs that each new unit of development will generate.

What is the Current Level of Service?

The IFFP has defined the current level of service as:

- Wastewater: 350 gallons per Equivalent Residential Connection per day.[4]

However, it must be considered that although this is the average day ERC, the system will be sized to meet peak. The peak day flow calculation and consideration is in the table below.

	LOS	2014	2024	Build Out 2064
Average Daily Flow	350 gpd/ERC	1.47 MGD	1.93 MGD	2.6 MGD
Peak day Flow	Ave. Day Flow x 2.1517 x ERCs $^{-0.156}$			
Maximum Depth Ratio	70% for 15" Pipes, 50% for Pipes smaller than 15"			
Minimum Velocity	2 fps			

How are Schools Considered in this Analysis?

The Impact Fees Act exempts schools from paying a parks and recreation impact fee but with proper documentation of the impact that a school could place on the wastewater system, the City can assess an impact fee for schools. The wastewater impact fee analysis quantifies the cost per ERC and also defines the number of ERCs that can be served by each size of wastewater meter that a school could install. The impact that a school will have upon the wastewater system is clearly defined by the size and number of wastewater meters that will be installed.

[4] HAL Impact Fee Facilities Plan

Chapter 2: Future Capital Projects and Level of Service

Impact Fee Analysis Requirements

Growth and ERC Projections

According to the 2010 Census the population at that time was 15,523[5]. Population is important in the Capital Facilities and Impact Fee Facilities planning as population, and other factors, drive project need and timing. However, this Impact Fee Analysis is not population dependent. The driving force is the Equivalent Residential Connection (ERC). The Impact Fee Facilities Plan defines an ERC as 350 gallons per day usage[6]. Currently the City has 4,198 equivalent residential connections. There will be significant growth expected within the City's boundaries and increased demand on the City's collection facilities which will require new projects to meet further demand. The area is growing at a very rapid pace. In the next ten years it is anticipated that the City will grow to 5,505 ERCs (an increase of 1,307 ERCs). The ERCs are displayed below. The ERC growth in the Central Service Area is approximately 422 ERCs and the South East Service Area will grow by 885 ERCs.

Figure 3: ERCs

ERCs Added Per Year	
2015	-
2016	131
2017	131
2018	131
2019	131
2020	131
2021	131
2022	131
2023	131
2024	131
2025	131
Total	1,307

Level of Service Definitions

The Impact Fee Facilities Plan has defined the current level of service in Highland as:

- Collection: 350 gallons per day per indoor ERC

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

Appendix 3 provides an expense report for the assets owned and operated by Highland for collection/outfall lines. Included with the assets are the original dates of construction or acquisition and the original cost of the collection component of the wastewater system. An analysis has been completed to identify the capacity to serve new growth.

HAL and the City provided data for the existing system in each service area. The total historic value of the facilities is $1,781,444[7]. The assets in the Central Service Area totals $1,545,211. The Southeast Service Area assets total $236,233. Only the original costs of the improvements have been considered. See Appendix 2 for the detailed list of assets for the

[5] 2010 Census Data
[6] HAL IFFP
[7] HAL and Highland City

collection system. An analysis has been completed to identify the capacity to serve new growth. Approximately 29% of the value of the existing assets shall be included as a buy-in component of the impact fee for the Central Service Area and 64% is included in the South East Service Area.

Treatment

Timpanogos Special Service District provides the City treatment for the wastewater utility. The District assesses an impact fee for the treatment component of the utility. This fee is collected by Highland and remitted to the District. The current amount charged by TSSD can be found in the impact fee ordinance.

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 (percentage Impact Fee Qualifying & Impact Fee Qualifying Cost).

FIGURE 4: CAPITAL PROJECTS BY SERVICE AREA

Project Name	Year to be Constructed	FY 2015 Cost	Construction Cost	% to 10 Year Growth	Impact Fee Qualifying Cost	Non/Beyond 10 Year Growth Related
Central Service Area						
1 Pipe Replacement	2015	$ 300,000	$ 300,000	25%	$ 75,000	$ 225,000
2 Pipe Replacement	2015	605,000	605,000	11%	66,550	538,450
3 Pipe Replacement	2016	738,000	763,830	12%	91,660	672,170
4 Pipe Replacement	2020	962,000	1,142,554	11%	125,681	1,016,873
7 Pipe Replacement	2020	1,089,000	1,293,390	12%	155,207	1,138,184
8 Impact Fee Facility Plan and Master Plan Update	2020	9,743	11,572	100%	11,572	-
Central Service Area Cost		**3,703,743**	**4,116,346**		**525,669**	**3,590,677**
Southeast Service Area						
5 Pipe Replacement	2020	535,000	635,412	69%	438,434	196,978
6 Pipe Replacement	2020	638,000	757,744	58%	439,491	318,252
8 Impact Fee Facility Plan and Master Plan Update	2020	20,433	24,268	100%	24,268	-
9 American Fork Forcemain	2020	224,000	266,042	75%	199,531	66,510
10 American Fork Lift Station	2020	755,000	896,703	75%	672,527	224,176
Southeast Service Area Cost		**$2,172,433**	**$ 2,580,169**		**$ 1,774,253**	**$ 805,916**
Highland Total Cost		**$5,876,176**	**$ 6,696,515**		**$ 2,299,922**	**$ 4,396,594**

CHAPTER 3: 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.

Highland 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:

- User Rates (rate revenues)
- Grants
- Bond Proceeds
- Developer Exactions
- Impact Fees

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 positives and negative aspects to the various forms of funding. It is important to evaluate each.

User Rates

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 wastewater operating fund and other user rate funds. The wastewater rates in Highland 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. If rate revenues are required to supplement the capital required by growth, the City will reimburse the user rate fund with impact fees as they are collected and act as a loan to the impact fee fund to be repaid.

Property Taxes

It is true that property taxes may be a stable source of income. However, property taxes are not typically used to fund wastewater infrastructure. 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 wastewater, thus any property taxes collected on the property being developed is not being used to fund infrastructure or operation and maintenance of the wastewater system.

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 a project 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) is constructed by a developer that developer is entitled to a credit against impact fees owed. (Utah Impact Fees Act, 11-36a-304(2)(f))

Time-Price Differential

Utah Code 11-36a-301(2)(h) allows for the inclusion of a time-price differential in order to create fairness for amounts paid at different times. To address the time-price differential, this analysis includes an inflationary component to account for construction inflation for future projects. Projects constructed after the year 2013 will be calculated at a future value with a 2.43% inflation rate. All users who pay an impact fee today or within the next six to ten years will benefit from projects to be constructed and included in the fee.

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 wastewater was credited against the fee.

Calculated Fee

The impact fees have been calculated with all the above considerations for the Central and South East Service Areas. The fee is calculated per a single ERC. The fees per ERC can be found in Figure 6. These tables can also be found in Appendix 4.

Figure 5: Base Fee per ERC

CENTRAL SERVICE AREA

Units of Measure	Central Service Area Impact Fee
Per Equivalent Residential Connection	$ 2,125.98
Per Fixture Units (26 Units per ERC)	81.77
Per Gallon	$ 6.07

SOUTH EAST SERVICE AREA

Units of Measure	SE Service Area Impact Fee
Per Equivalent Residential Connection	$ 2,175.14
Per Fixture Units (26 Units per ERC)	83.66
Per Gallon	$ 6,214.68

The Highland City Council has the discretion to set the actual impact fees to be assessed, but they may not exceed the maximum allowable fees calculated. The City may, on a case by case basis, work directly with a developer to adjust the standard impact fee to respond to unusual circumstances and ensure that impact fees are imposed fairly. This adjusted impact fee calculation will be based on the cost per unit defined above, multiplied by the number of units created by the applicable development type.

FIGURE 6: NON-STANDARD IMPACT FEE CALCULATION

Wastewater Non-Standard Impact Fee Formula
Central Service Area
Multiply Average Day Flow (Gallons) by Impact Fee per Gallon of $6.07
Southeast Service Area
Multiply Average Day Flow (Gallons) by Impact Fee per Gallon of $6.21

Chapter 4: Certification and Appendices

In accordance with Utah Code Annotated, 11-36a-306(2), 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.

Zions Bank Public Finance 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 Highland 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 Highland and outside sources. Copies of letters requesting data are included as appendices to the IFFPs and the impact fee analysis.

Dated: April 21, 2015

ZIONS BANK PUBLIC FINANCE

By Zions Bank Public Finance

APPENDIX

Notice Date & Time: September 11, 2014 | 7:00 AM - 11:59 PM
Description/Agenda: Notice Title: Notice of Intent to Create Impact Fee Facilities Plans and Amended Impact Fee Written Analyses

NOTICE OF INTENT TO CREATE IMPACT FEE FACILITIES PLANS AND AMENDED IMPACT FEE WRITTEN
ANALYSES

Highland City, a municipality of the State of Utah, located in Utah County, Utah intends to commence the preparation of independent and comprehensive Impact Fee Facilities Plans and Written Impact Fee Analyses for the services of secondary water, sanitary sewer, parks, recreation and trails, roads and public safety. Therefore, pursuant to the provisions of 11-36a-501 and 503 of the Utah Code, as amended 2011, notice is hereby provided to you of the intent of Highland City to create an Impact Fee Facilities Plans and amend Highland City's Impact Fee Written Analyses. The location(s) that will be included in the Impact Fee Facilities Plans and Impact Fee Analyses are all areas within the legal Highland City limits and the declared annexation areas of Highland City.

BY ORDER OF THE CITY COUNCIL OF HIGHLAND CITY

Public Notice Website http://www.utah.gov/pmn/sitemap/notice/231435.html

Appendix 1:
CURRENT AND FUTURE ERCs

Wastewater		
	Current	Buildout
Current ERCs[1]	4,198	7,504

[1] *HAL 2015 IFFP*

ERC Projections	
2015	4,198
2016	4,329
2017	4,459
2018	4,590
2019	4,721
2020	4,852
2021	4,982
2022	5,113
2023	5,244
2024	5,374
2025	5,505

ERCs Added in Central Service Area
422
ERCs Added in South East Service Area
885

Appendix 2:
CAPITAL PROJECTS - IMPACT FEE FACILITIES PLAN
Inflation Rate* 3.5%

Project Name	Year to be Constructed	FY 2015 Cost	Construction Cost	% to 10 Year Growth	Impact Fee Qualifying Cost	Non/Beyond 10 Year Growth Related
			Collection			
Central Service Area						
1 Pipe Replacement	2015	$ 300,000	$ 300,000	25%	$ 75,000	$ 225,000
2 Pipe Replacement	2015	605,000	605,000	11%	66,550	538,450
3 Pipe Replacement	2016	738,000	763,830	12%	91,660	672,170
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South East Service Area Cost		**$ 2,172,433**	**$ 2,580,169**		**$ 1,774,253**	**$ 805,916**
Highland Total Cost		**$ 5,876,176**	**$ 6,696,515**		**$ 2,299,922**	**$ 4,396,594**

Appendix 3:
ASSETS
Collector Lines

Date Acquired	Description	Original Cost	% 10 yr Growth	Impact Fee Qualifying
Central Service Area				
1987	Project 9	4,995	16%	774
1997	L-11 Area	56,236	21%	11,891
1997	L-13 Area	52,570	20%	10,646
1997	L-13 Area	79,029	20%	16,004
1997	L-13 Area	11,744	20%	2,378
1997	L-13 Area	60,291	20%	12,209
1989	L-16 Area	104,312	13%	13,740
1997	L-16 Area	47,188	13%	6,216
1997	L-16 Area	21,603	13%	2,846
1997	L-16 Area	62,741	13%	8,264
1997	L-16 Area	10,778	13%	1,420
1997	L-19 Area	91,750	8%	6,931
1997	L-19 Area	31,263	8%	2,362
1997	L-19 Area	87,472	8%	6,608
1997	L-19 Area	30,875	8%	2,332
1997	L-19 Area	17,413	8%	1,315
1997	L-6 Area	53,951	17%	9,215
1997	L-6 Area	34,445	17%	5,883
1997	L-6 Area	4,704	17%	803
1997	Project 6	106,024	66%	69,574
1997	Project 6	41,626	66%	27,315
1997	Project 6	3,913	66%	2,568
1997	Project 6	15,609	66%	10,243
1997	Project 6	16,840	66%	11,050
1997	Project 6	10,128	66%	6,646
1997	Project 6	114,055	66%	74,845
1996	Project 6	45,108	66%	29,600
1997	Project 6	69,849	66%	45,836
1997	Project 6	12,167	66%	7,984
1987	Project 9	111,330	16%	17,261
1987	Project 9	32,320	16%	5,011
1987	Project 9	13,454	16%	2,086
1987	Project 9	32,913	16%	5,103
1987	Project 9	22,215	16%	3,444
1987	Project 9	39,295	16%	6,093
Central Service Area Subtotal		**$ 1,550,206**		**$ 446,496**
South East Service Area				
2007	American Fork River	220,214	67%	147,403
1997	American Fork River	16,019	21%	3,341
South East Service Area Subtotal		**$ 236,233**		**$ 150,744**
Total		**$ 1,786,439**		**$ 597,240**

Appendix 4:
BASE FEE PER ERC
Highland Impact Fee

Central Service Area	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	ERCs to be Served	Cost per ERC
Collection Impact Fee					
IFFP Projects	$ 4,116,346	13%	$ 525,669	422	$ 1,246
Buy In - Existing Assets	1,550,206	29%	446,496	422	1,058
Impact Fee Fund Balance*	(300,000)	25%	(75,000)	422	(178)
Subtotal	5,366,552	17%	897,165		2,126
Total Impact Fee Per ERC					**$ 2,126**

*Funds already in balance to pay for Project 1 Pipe Replacement

Units of Measure	Central Service Area Impact Fee
Per Equivalent Residential Connection	$ 2,125.98
Per Fixture Units (26 Units per ERC)	81.77

South East Service Area	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	ERCs to be Served	Cost per ERC
Collection Impact Fee					
IFFP Projects	$ 2,580,169	69%	$ 1,774,253	885	$ 2,005
Buy In - Existing Assets	236,233	64%	150,744	885	170
Subtotal	2,816,402	68%	1,924,997		2,175
Total Impact Fee Per ERC					**$ 2,175**

Units of Measure	SE Service Area Impact Fee
Per Equivalent Residential Connection	$ 2,175.14
Per Fixture Units (26 Units per ERC)	83.66

Wastewater Non-Standard Impact Fee Formula
Central Service Area
Multiply Average Day Flow (Gallons) by Impact Fee per Gallon of $6.07
South East Service Area
Multiply Average Day Flow (Gallons) by Impact Fee per Gallon of $6.21