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Skyline Mountain Special Service District
2201 Skyline Mountain Resort
Fairview, UT, 84629
Via Email: smssd2013@gmail.com

Re: Statement of Clarification on Fees of Skyline Mountain Special Service District (SMSSD)– September 12, Board Meeting

Dear Board Members,

As District Counsel to SMSSD, Smith Hartvigsen, PLLC provides this letter to add some clarity and information for distribution to the customers of the District. The District imposes several types of fees to cover the costs of maintaining and expanding the water infrastructure. With the introduction of the newly enacted Impact Fees, the District wanted to take the opportunity to provide a summary of the different types of fees.

Impact Fees:

Impact Fees are fees to require that existing customers do not subsidize the cost of new growth. Impact Fees are governed by Title 11, Chapter 36 of the Utah Code. These are one-time fees applied to new developments at the building permit stage. The primary purpose of these fees is to fund the expansion of storage facilities and transmission lines, ensuring the delivery of water to new development and buildings. The Impact Fees adopted by SMSSD do not cover the acquisition of water rights. Instead, they focus on the infrastructure needed to divert, store, and transport water. They are triggered and owed when a building permit is obtained that includes habitable spaces. The fees are a flat \$10,000, and represent barely over 1/3 of the amount that was allowed for under the Impact Fee Study. Impact fees are heavily regulated and can only be used in accordance with the Utah Impact Fee Act. Below is an excerpt from the Summary of the Impact Fee Study.

(excerpt from Impact Fee Study)

The **water impact fee** is calculated based on the buy-in cost for facilities which have capacity remaining, and the estimated cost of projects required to support future growth. These costs were added together and divided by the number of equivalent residential connections (ERCs) that are projected to be added within the next 10 years.

Components of the impact fee are presented in the table below. The maximum allowable water system impact fee for one ERC is **\$29,881** for indoor use only.

MAXIMUM ALLOWABLE IMPACT FEE BY COMPONENT

Component	Per Typical Residential Connection (Indoor Use)	Per Irrigated Acre
Source	\$1,495.24	\$59,809.73
Storage	\$525.46	\$5,215.64
Transmission	\$27,800.32	\$0.00
Planning	\$59.87	\$0.00
Total	\$29,881	\$65,025

1. It is assumed that any irrigated acreage will be associated with indoor ERCs. Planning costs are accounted for in the indoor fees

Connection Fees:

These fees cover the cost of connecting a new dwelling to the water system and cover the actual connection and installation of a meter.

Base Fees:

These fees are assessed on all properties that the District is committed to serve, regardless of water use, and include up to 8,000 gallons of usage. Base fees addressed the fixed costs of the SMSSD system. These fees help cover the costs of maintaining the availability of water service to these properties including bond payments.

Usage Fees:

These are the recurring charges customers pay for their regular water usage. They cover the nonfixed operational costs of providing and treating water for ongoing consumption, including the pumping of wells, and maintenance of water lines and other infrastructure.

Additional Information on Fees:

Additional information about District fees and related policies can be found in several adopted resolutions and policies and procedures available to all members of the public, including, without limitation:

Resolution 2019-1 Updating Fees

Resolution 2024-4 Updating Fee Policy

Resolution 2021-3 Collection Enforcement Procedures

Resolution 2023-2 Impact Fees (including Impact Fee Study)

Resolution 2024-1 Rate Increase

Please do not hesitate to contact us at (801) 413-1600 if you have any questions.

Sincerely,
SMITH HARTVIGSEN, PLLC

A handwritten signature in blue ink, appearing to be 'J. Craig Smith' or 'Jay L. Springer', written over the typed names below.

J. Craig Smith
Jay L. Springer