

***Town of Chester
New Hampshire***

***Library
Impact Fees***

Prepared for
Planning Board
Town of Chester, New Hampshire

Prepared by
Southern New Hampshire Planning Commission

September 2016

Adopted by Planning Board: September 28, 2016

Effective Date: September 28, 2016

Town of Chester Library Impact Fees

A. Purpose of Report

This report provides a basis for the Town of Chester to establish an impact fee for library building facilities and collection materials to be assessed to new development within the community. The procedures for impact fee assessment are provided for by the Town of Chester's zoning ordinance (Article 14 Fair Share Contribution) and the State of New Hampshire's planning statutes. The amount of the Library impact fee for capital facility improvements are based on the methodology and impact fee schedule as set forth in this report documenting the proportional basis for the fees.

B. Authorization for Impact Fees

The establishment and assessment of impact fees are authorized by New Hampshire RSA 674:21 V. As set forth by RSA 674:21 V., an "impact fee" means a fee or assessment imposed upon development, including subdivision, building construction, or other land use change, in order to help meet the needs occasioned by that development for the construction or improvement of capital facilities owned or operated by the municipality. An impact fee is a one-time charge to new development to offset the proportional impact of new development on the costs borne by local government to provide public capital facilities. Under RSA 674:21 V., public library facilities are eligible for impact fee assessment. In order for a municipality to adopt an impact fee, it must have enacted a capital improvements program pursuant to RSA 674:5-7. On April 27, 2016, the Planning Board adopted an updated CIP for FY 2016-2022.

C. Methodology and Approach

There are a variety of methods that may be used to calculate impact fees. The choice of a particular method depends mainly on the service characteristics of the community and planning requirements for the facility type being addressed. Each method has advantages and disadvantages and to some extent they are interchangeable as each method must allocate facility costs in proportion to the needs created by development. In simplest terms, the process of calculating impact fees involves two basic steps: determining the cost of the development-related capital improvements and allocating these costs equitably to various types of development. The calculation of impact fees however can be complex because of the many variables involved in defining the relationship between development and the need for the facilities. Specifically in this case the relationship is defining the public's need for library capital facility improvements resulting from new development within the Town of Chester.

The methodology used in calculating the Town of Chester's Library impact fees is known as the Incremental Expansion Impact Fee Calculation. The incremental expansion method identifies the current level-of-service (LOS) for the use and need of the capital facility in this case building improvements and new library collection materials in both quantitative and qualitative measures based on service standards. The library service

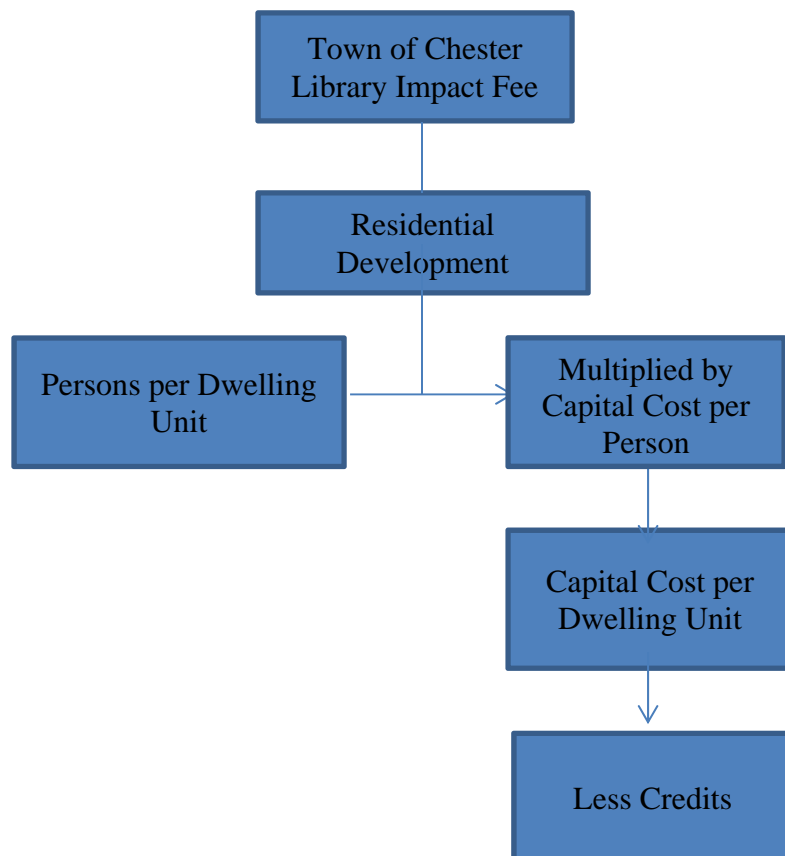
standards are measured in square feet of library building per person and collection items per person, per 1,000 population.

The Incremental Expansion Impact Fee Calculation is the most appropriate approach for this Library Impact Fee as the Town of Chester intends to use the impact fees assessed and collected to make building improvements and expand existing collection materials as needed, and to accommodate new development within the community. This methodology is best applied when the purchase of capital facility improvements are planned to be expanded in regular increments (in this case in accordance with the Town of Chester's Capital Improvement Program and the Public Library's facility and collection material and equipment needs) and when level of service (LOS) standards can be documented based on current library facilities conditions in the community. Figure 1 provides an overall summary of the methodology and cost allocation used to calculate the Town of Chester's Library Impact Fee.

D. Types of Property Benefiting from New Library Facilities

Impact fees are charged to properties which benefit from improved library facilities. The Chester Public Library system is used, primarily by individuals rather than businesses or other non-residential uses within the community. Impact fees for library facilities are charged only to new residential development because the dominant stream of benefits rebounds to the occupants of dwelling units. There is insufficient data to objectively allocate the value of the benefit of the library system to non-residential property.

Figure 1: Library Impact Fee Methodology Flow Chart



E. Schedule of Library Impact Fees

Figure 2 sets forth the schedule for the assessment of Library Impact Fees for the Town of Chester. For new residential uses, the fees are assessed on a housing unit basis. The Town of Chester may adopt Library Impact Fees that are less than the amounts provided in Figure 2. However, it should be noted that a reduction in impact fee revenue often may necessitate an increase in other municipal revenues, a decrease in planned capital expenditures, and/or a decrease in the Town's LOS standards to address the needs for such capital facilities.

Figure 2: Library Impact Fee Schedule

Residential Housing Type	Fee Per Housing Unit
Single Family Detached	\$503
Duplex (2 attached units)	\$573
Multifamily (3 + Units)	\$299
Condo/Townhouse Unit	\$425
Mobile Home	\$299
Apartment Unit in Mixed Use Building	\$721

Source: SNHPC

It is recommended that the schedule of Library Impact Fees as shown in Figure 2 be reviewed and adjusted as necessary by the Chester Planning Board as part of an annual evaluation and update of the fees.

E. Background Data

The Library Impact Fee as set forth in this report considers existing and anticipated new development to occur within the Town of Chester between the years 2016 and 2022. This development may occur sooner or later within this time period, but the rate and timing of this development does not impact the fee calculation.

The year 2016 is the base year upon which the impact fees are calculated and the time period 2016-2022 correlates with the Planning Board's recent adoption of the Town's Updated Capital Improvement Program (FY 2016-2022) as well as the six-year time period in which the Town of Chester must spend the collected fees. The key data and variables developed for this impact fee include:

- Housing Units (single-family, duplex, multi-family and mobile home, etc.)
- Population (existing as of 2015)
- Population per Housing Unit
- Building Square Feet
- Replacement Values – Building, Collection Materials and Equipment
- Cost Per Square Feet

- Square Feet Per Person
- Cost Per Person
- Annual Visits

Housing Units and Population per Unit of Development

There are six main types of housing units in the Town of Chester used in the impact fee calculations: (1) single-family detached; (2) duplex (2 attached units); (3) multifamily (3+ units); (4) condo/townhouse unit; (5) mobile home; and (6) apartment unit in mixed use building. The total estimated number of housing units (2015), estimated population and persons per housing unit, and percent housing distribution are shown in Figure 4. This data is derived from available Town of Chester property tax records and population estimates as contained in the 2015 Annual Inventory Forms collected by the Town which show the number and size of households for each housing type.

Figure 4: 2015 Persons per Housing Unit, Town of Chester

Housing Unit Type	Total Estimated 2015 Housing Units*	Total Estimated 2015 Population*	2015 Estimated Average Persons Per Housing Unit*	Percent Distribution of Estimated 2015 Occupied Housing Units
Single Family (detached)	1,555	4,307	2.77	91.63%
Duplex (2 attached units)	48	149	3.1	2.83%
Multi-Family (3+ units)	11	20	1.8	0.65%
Condo/Townhouse Unit	58	139	2.4	3.42%
Mobile Home	8	14	1.8	0.47%
Apartment Unit in Mixed Use Building	17	65	3.8	1.0%
Total	1,697	4,694	3.31	100%

*Note: Total Estimated 2015 Housing Units, Population and Average Persons per Housing Unit by Housing Unit Type was obtained from the 2014 Annual Inventory Forms (PA-24) documenting household population and size and Town Assessing Records.

The estimated average persons per housing unit for single-family housing is from the 2010 US Census.

Source: Town of Chester, Assessing and Planning Departments & SNHPC

G. Impact Fee Calculations

Public Library Facility Needs

The Town of Chester Public Library consists of a main library facility located at 3 Chester Street, Chester, NH. The building is 5,860 square feet in size and the lot is 1.03 acres in size. The lot also supports the post office building. There is only one public library facility within the Town and this library supports the entire municipality. Both the library building and the lot are owned by the Town of Chester. The US Postal Service leases a portion of the Town owned lot for the post office at a cost of \$22,812 per year or \$1,901 per month.

As noted in Section C, the Town of Chester and the Library Board of Trustees anticipate expanding the Chester public library system in the future to serve new growth. There is currently one capital facilities improvement program for the library included in the Town's CIP FY 2016-2022. This involves replacing 13 windows at an estimated cost of \$13,000. As identified in the recently updated Chester Master Plan, over the past several years the library over the past several years has: made the handicap bathroom fully functional; installed a new air handler for the furnace; installed a new condensing unit; purchased new computers, laptops and tablets; and installed a handicap ramp to the building.

The Master Plan also identifies several pressing capital needs such as repairing the elevator so the building can be fully handicapped accessible to the upper floors; replacing the roof; installing gutters; and painting the exterior of the building. Recent additions to the circulation materials include tablets and e-readers. The library currently has adequate space for the current collection, however there may be a need for further expansion or relocation in the future. There are plans currently in place to reconfigure the library space and renovate the interior to gain more usable square footage and make the interior more welcoming to patrons and visitors. This project also includes a new circulation desk and is estimated to cost roughly \$146,625, including materials and labor.

In addition, the library is considering extending its hours on Friday nights and may need to add an additional part-time employee or move a part-time employee to full time status to accommodate the new hours. All decisions on future capital improvements and personnel for the library are made by both the Library Board of Trustees and the Town of Chester. It is important that the impact fees collected by the Town for the library be used for upgrading and expanding existing capital facilities and collection materials and not maintenance related improvements.

Level of Service Standards and Cost Factors

Chester Public Library determines its need for library facilities and improvements by comparing its standards for the capacity of various library facilities to the number of residents that it must serve. Chester's library standards are measured in square feet of library building per person and collection material items per person per 1,000 population

in the Town. Figure 5 outlines these standards. It is estimated that the population of the Town of Chester as of 2015 is 4,694 residents for the purpose of this impact fee (source Town of Chester Tax Assessor Records and data collected from the PA-24 Annual Inventory Forms).

Figure 5: Library Facilities Levels of Service

Capital Facility Component	Total Building Square Feet and Total Units	Level of Service
Library Building per Square Feet	5,860 sf	0.80 sf per person
Materials Collection Items	34,664 units	7.38 units per person
Equipment and Technology Public Access Computers	24 units	0.19 units per 1,000 population

Source: Chester Library and SNHPC

Figures 6 and 7 identify the current value of the Town of Chester Public Library system. There are two types of library capital facilities included in this impact fee at this time – building facility improvements and material collection items. In the future, the Town and Library Board of Trustees may want to consider and add an equipment and technology / public access computer component as part of this impact fee based on the growth of the Town and the library’s future needs. The current value of the library facility is \$821,000 based on the insured replacement cost of the building as of 2011 (see Figure 6). As shown in Figure 6, the current value of the materials collection items of the library are based on average unit price and number of units to derive current values. The cost of equipment, including technology/public access computers is also based on average unit price and number of units to derive current value.

Figure 6 identifies the current levels of service for the Town of Chester Library’s collection materials and related equipment (including technology and public access computers) as expressed by number of units, average unit price and current value. The library materials collection includes audio books, biography, EZ reader, fiction and graphic novels, juvenile auto books, biography, fiction, music, nonfiction, software and video, music, new books, nonfiction, downloadable books, reference serials, kits, video, and kindle, etc. The library equipment, including technology and public access computers, includes a copy and magnification machine, book return, elevator, computers, laptops, monitors, printers, scanners, printer equipment, etc.

As provided in Figure 6, the total number of current units of collection materials and estimated number of new units is 35,232 with a current value of \$835,578 and a future

value of new units of \$123,377. The total number of current equipment items, including technology computer units, is 24 units with a total value of \$42,995. As identified in Figure 7, the total estimated replacement cost per unit for collection materials is \$24.10 and \$1,791 per unit for equipment (technology and public access computers). The Chester Public Library system has a total replacement cost of \$1,699,573 (building, collection materials, equipment and technology). The library currently has no new equipment needs, including technology and public access computers.

Figure 6: Library Collection Materials and Equipment Level of Service Standard and Cost Factors

MATERIAL TYPE	TOTAL EXISTING AND TOTAL # NEW UNITS	AVG UNIT PRICE	CURRENT VALUE	FUTURE VALUE OF NEW UNITS
Chester Audio Books	774/387	\$40.00	\$30,960.00	\$15,480
Chester Biography	413/41	\$30.00	\$12,390.00	\$6,195
Chester EZ Reader	3201/1600	\$15.00	\$48,015.00	\$24,007
Chester Fiction	4882/732	\$30.00	\$146,460.00	\$21,969
Chester Graphic Novels	271/27	\$15.00	\$4,065.00	\$406
Chester Juvenile Audio Books	107/10.7	\$40.00	\$4,280.00	\$428
Chester Juvenile Biography	842/84	\$25.00	\$21,050.00	\$2,105
Chester Juvenile Fiction	2670/267	\$20.00	\$53,400.00	\$5,340
Chester Juvenile Music	55/5.5	\$10.00	\$55.00	\$55
Chester Juvenile Nonfiction	2419/1209	\$20.00	\$48,380.00	\$24,190
Chester Juvenile Software	13/0	\$20.00	\$240.00	\$0
Chester Juvenile Video	598/299	\$15.00	\$8,970.00	\$448
Chester Music	59/0	\$10.00	\$590.00	\$0
Chester New Books	249/37	\$30.00	\$7,470.00	\$1,120
Chester Nonfiction	2974/446	\$30.00	\$89,220.00	\$13,383
Chester Downloadable Books	46/0	\$25.00	\$1,150.00	\$0
Chester Reference	90/0	\$50.00	\$4,500.00	\$0
Chester Serials	508101.6	\$5.00	\$2,540.00	\$508
Kits: Snap circuits, Lego etc.	39/3.9	\$50.00	\$1,950.00	\$195
Chester Video	1513/226.95	\$20.00	\$30,260.00	\$4,539
Chester Young Adult/Teen	1003/150.45	\$20.00	\$20,060.00	\$3,009
Totals:	22726/5628			
Books not in Automated Lib Sys	11934	\$25.00	\$298,350.00	\$0
Telescope	1	\$350.00	\$350.00	\$0
Kindle Fire	1	\$273.00	\$273.00	\$0
Kindle Kids	1	\$250.00	\$250.00	\$0

Nook Paper white	1	\$350.00	\$350.00	\$0
TOTAL MATERIALS:	35,232		\$835,578.00	\$123,377
EQUIPMENT:				
Copy Machine	1	\$4,500.00	\$4,500.00	\$0
OPTELEK Magnification Machine	1	\$3,195.00	\$3,195.00	\$0
Book Returns	2	\$2,000.00	\$2,000.00	\$0
Elevator	1	\$24,000.00	\$24,000.00	\$0
Desktop Computers	6	\$800.00	\$4,800.00	\$0
Laptops	2	\$700.00	\$1,400.00	\$0
Monitors	7	\$200.00	\$1,400.00	\$0
Printers	3	\$300.00	\$900.00	\$0
Scanner/Printer/Copier	1	\$800.00	\$800.00	\$0
TOTAL:	24		\$42,995.00	\$0

Source: Town of Chester Public Library

Town owns Building and Lot

Square footage: 5860 sq. ft.

Replacement Cost of Building: Currently Insured for \$821,000 as of 2011

Replacement Cost of Building Contents: Insured for \$455,000 as of 2011

Lot Acreage: 1.03 (shared with Post Office)

Figure 7: Library Building and Collection Materials Total Cost and Cost Per Unit

Library Facility	Total Units	Total Cost per Unit	Cost per Unit
Building Facility Renovation	5,860 sf	\$146,625	\$25.02
Collection Items	35,232	\$123,377	\$3.50

Source: Town of Chester Public Library and SNHPC

Figure 8 summarizes the total annual visits to the Chester Library between 2009 and 2015. These visits have increased 62.5% over six years from 7,436 to 11,878.

Figure 8: Total Annual Visits, 2009 - 2015

Library Visits	
2009:	7,436
2010:	8,603
2011:	8,847
2012:	9,398
2013:	11,369
2014:	11,432
2015:	11,878

Source: Town of Chester Public Library

Facility Costs per Person

Figure 9 lists the average cost per unit of library facilities (collection materials and equipment –technology and public access computers) from Figures 6 and 7 and multiplies these cost per unit factors by the library facility standard per person from Figure 5 to calculate the library component capital cost per person. The last line shown in Figure 9 is the capital cost (excluding operation and maintenance) to provide library facilities for each person in Chester.

Figure 9: Library Facility Cost per Person

Cost Component	Cost Per Unit	Library Facility Standard Per Person	Total Capital Cost Per Person
Building Facility Renovation	\$25.02	7.38	\$185
New Collection Materials per Item	\$3.50	7.38	\$26
Net Capital Cost			\$211

Source: SNHPC

Persons per Dwelling Unit

The number of persons per dwelling unit is the factor used to convert the capital cost of library facilities per person into cost of library facilities per dwelling unit. The cost per person (from Figure 4) is multiplied by the average number of persons per dwelling unit to calculate the cost per dwelling unit.

Different types of dwelling units have different numbers of persons that live in each type of unit. Generally, single family dwelling units have more persons than multi-family dwelling units (i.e. apartments or condominiums) and mobile homes. This impact fee report measures persons per dwelling unit for six types of housing as shown in Figure 4. The impact of each dwelling unit on the library system is calculated by multiplying the library facility cost per person by the average number of persons in each type of dwelling unit.

Costs per Dwelling Unit

Figure 10 calculates the cost per dwelling unit of library facilities. The US Census collects detailed information about population and dwelling units and calculates the average number of persons in the various housing units. For single family detached housing units, the average household size based on the 2010 US Census in Chester is 2.77. The Town of Chester also collects housing data through the tax parcel records and population data through annual inventory forms (PA-24). The Town Tax Assessor and Planning Coordinator merged this information to determine the average household size for the other five housing unit types in Chester as shown in Figure 4. As provided in Figure 10, the capital cost per person from Figure 9 is multiplied by the average persons per housing unit type to determine the capital cost per dwelling unit.

Figure 10: Library Facilities Cost per Dwelling Unit

Housing Type	Persons Per Dwelling Unit*	Capital Cost Per Person**	Capital Cost Per Dwelling Unit
Single Family Detached	2.77	\$211	\$584
Duplex (2 Attached Units)	3.1	\$211	\$654
Multifamily (3+ Units)	1.8	\$211	\$380
Condo/Townhouse Unit	2.4	\$211	\$506
Mobile Home	1.8	\$211	\$380
Apartment Unit in Mixed Use Building	3.8	\$211	\$802

Notes: *Derived From Figure 4 and **Derived From Figure 9

Credits and Maximum Sustainable Impact Fee

Currently the Town of Chester does not have any outstanding bonded debt related to the financing of library capital facilities, collection materials and equipment (technology and public computer access). At present, all financing of these facilities has come directly from general taxation. Therefore, a credit for existing bond/lease financing is not applicable to this impact fee.

However, the Town of Chester does lease a portion of the lot containing the library to the United States Postal Service. The annual rent payment is \$1,901 a month or \$22,812 per year. This funding is returned to the Town's general fund which in turn is also used to fund library capital facility improvements. The US Postal Service lease provides the Town \$22,812 per year or \$1,901 per month. Therefore a total credit in the amount of \$136,872 which is the sum of six years of annual lease payments is due as shown in Figure 11. Specifically this works out to be a credit of \$80.65 per dwelling unit (\$136,872 divided by 1,697 housing units).

Figure 11: Library Facilities Cost per Dwelling Unit

Housing Type	Capital Cost Per Dwelling Unit*	Credit Per Dwelling Unit	Impact Fee
Single Family Detached	\$584	\$81	\$503
Duplex (2 Attached Units)	\$654	\$81	\$573
Multifamily (3+ Units)	\$380	\$81	\$299
Condo/Townhouse Unit	\$506	\$81	\$425
Mobile Home	\$380	\$81	\$299
Apartment Unit in Mixed Use Building	\$802	\$81	\$721

*Derived from Figure 10
Source: SNHPC

H. Additional Administrative Considerations

This impact fee schedule identified in Figure 11 is applied by type of structure, to any new construction or conversion activity that results in a net increase in the number of dwelling units within the community.

Impact Fee Waiver Provisions

Waiver provisions for the assessment of impact fees are currently set forth within the Town of Chester Zoning Ordinance, Article 14.9, Fair Share Contribution regulations.

Conversions and Additions

In cases where a conversion or addition to a structure changes the number of dwelling units within the structure to a new classification of dwelling unit, the impact fee may be computed by calculating the impact fee for the new use and number of units, and subtracting the fee that would have applied to the existing development if it were new.

For example, if a single family home were converted to a duplex:

$$\begin{array}{rcl} \text{Library Fee for multi-family dwelling unit: } 2 \text{ units @ } \$299 & = & \$598 \\ \text{Less schedule amount for single-family unit} & & \underline{(\$503)} \\ & & \$95 \end{array}$$

In the above example, the net positive difference of \$95 represents the value of the net impact created by the change in use from a single-family home to a duplex, two-family or multi-family unit. By applying this procedure, the baseline impact already present in the form of an existing single family home is taken into account. The conversion is then assessed only for the incremental impact generated by the change. In order to address these and other similar types of conversions and additions, the Town of Chester building and/or planning department should be responsible for working with the fee-payer at the time of building permit.

Updating the Fee Schedule

The impact fee methodology has been designed to allow for future updates or modification of the underlying assumptions. Periodically, the variables in the impact fee model can be updated based on new information and documentation to produce revised impact fee amounts. Updates to the fee schedule using the methodology described in this report should be made after consideration of all of the variables involved, as some of these elements are interdependent. The impact fee ordinance should include policies that address the frequency and procedures for adopting updated calculations and fee schedules.

Assessment/Collection of the Impact Fees

Chester's impact fees library facilities represent a ***one-time charge*** collected at the point where new residential dwelling units are authorized by building permit. As such, this methodology recognizes each new dwelling unit as a permanent addition to the base of demand placed on Chester's library level of service and capacity, and recognizes that the use and need for facility improvements may vary by type of dwelling unit.

These requirements, however, do not prevent the Town of Chester and the assessed party from establishing an alternate, mutually acceptable schedule of payment of impact fees in effect at the time of subdivision plat or site plan approval by the planning board. If an alternative schedule of payment is established, the Town of Chester may require developers to post bonds, issue letters of credit, accept liens, or otherwise provide suitable measures of security so as to guarantee future payment of the assessed impact fees in accordance with RSA 674:21.

The actual implementation of this impact fee methodology and the resulting fee schedule developed herein are subject to the Town of Chester's current "fair share" or impact fee ordinance (Article 14, Town of Chester Zoning Ordinance). While this methodology establishes a rational basis for determining proportionate dollar amounts for impact fees that could be assessed for library facilities under the provisions of Chester's ordinance, the impact fees to be assessed and collected as a result of this report must be implemented primarily to ensure that adequate public facilities remain available to accommodate new growth and to obtain more of the revenues needed for such facilities at the time new development takes place.

More importantly, it is advisable the Town of Chester Planning Board continue to update the Town's capital facilities improvement program (CIP) on an annual basis to ensure that the impact fees collected through adoption of this impact fee schedule are spent by the Town within six years of collection and that the library facilities outlined in the CIP remain consistent with the funding appropriated for them.