

***Town of Chester
New Hampshire***

Road Impact Fee

Prepared for
Planning Board
Town of Chester, New Hampshire

Prepared with the assistance of the
Southern New Hampshire Planning Commission

FINAL DRAFT

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Town of Chester Road Impact Fee

A. Purpose of Report

This report provides a basis for the Town of Chester to update its Road Impact Fee, which is assessed to new development within the community. The procedures for impact fee assessment are detailed in Article 14 (Fair Share Contribution) of the Town of Chester Zoning Ordinance and the State of New Hampshire Revised Statutes Annotated (RSA) 674:21, V. The amount of the Road Impact Fee for facility improvements is based on the methodology and impact fee schedule detailed in this report, which documents 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 defined in RSA 674:21, V, an impact fee is *“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, which is intended to offset the proportional impact of that new development on the costs borne by local government to provide public capital facilities. Under the provisions of RSA 674:21, V., *“municipal road systems and rights-of-way”* are eligible for impact fee assessment.

In accordance with RSA 674:21, V(b), in order for a municipality to adopt an impact fee ordinance, it must have enacted a capital improvements program pursuant to the requirements of RSA 674:5-7. On December 15, 2021, the Town of Chester Planning Board adopted an updated Capital Improvements Program (CIP) for 2022-2029.

The provisions of RSA 674:21, V(c) require that impact fees must be *“accounted for separately, segregated from the municipality’s general fund, [and] may be spent upon order of the municipal governing body.”* In addition, impact fee revenue is *“exempt from all provisions of RSA 32 relative to limitation and expenditure of town moneys, and shall be used solely for the capital improvements for which it was collected, or to recoup the cost of capital improvements made in anticipation of the needs which the fee was collected to meet.”* Impact fees cannot be used for the costs of upgrading or maintaining existing infrastructure if those needs were not explicitly necessitated by new development.

In 2012, the New Hampshire Legislature adopted several amendments to RSA 674:21 regarding the administration of impact fees. A new subsection (l) was inserted which states that, *“No later than 60 days following the end of the fiscal year, any municipality having adopted an impact fee ordinance shall prepare a report listing all expenditures of impact fee revenue for the prior fiscal year, identifying the capital improvement project for which the fees were assessed and stating the dates upon which the fees were assessed and collected. The annual report shall enable the public to track the payment, expenditures, and status of the individually collected fees to determine whether said fees were expended, retained, or refunded.”* It shall be the Town of Chester’s responsibility to ensure that this annual reporting occurs in accordance with this legislative requirement.

C. Methodology and Proportional Basis

This Road Impact Fee is modeled after a methodology developed by Vanasse Hangen Brustlin, Inc. (VHB) known as the “Sample Roadway Impact Fee” procedure. The procedure uses average construction costs rather than the cost of specific roadway improvements, daily trips rather than peak hour trips, and average trip lengths rather than site-specific trip assignment. A similar methodology, as detailed in A Practitioner’s Guide to Development Impact Fees (1991) by James C. Nicholas, et al, was used in Martin County, Florida.

This methodology has been applied by various New Hampshire communities, including the Town of Hooksett within the Southern New Hampshire Planning Region.

VHB’s Sample Roadway Impact Fee approach considers the cost of providing a roadway system that can accommodate new vehicle trips based on the capacity assigned to the roadway. This is done by multiplying the number of vehicle lane miles required within the town to accommodate the development (defined as number of one-way trips generated by the development times the average trip length within the town) by the construction cost of a vehicle lane mile of road.

The Town of Chester has identified roadway improvement needs within the 2022-2029 Capital Improvements Program, which are presented in Section I of this report. To ensure that the costs of constructing roadway improvements are equitably shared, the Sample Roadway Impact Fee approach stipulates that the Town of Chester is responsible for fixing existing roadway deficiencies while future users of the transportation system will be responsible for their proportionate share of the cost of providing sufficient capacity to accommodate new development. Accordingly, the new development will be assessed a road impact fee for its proportionate share of demand on Town roadway capacity costs.

The impact fee must be determined in proportion to the user’s actual impact on the roadway improvement or in proportion to the benefit that the user derives from the improvement.

D. Procedure for Calculating the Impact Fees

The Road Impact Fee, using VHB’s Sample Roadway Impact Fee methodology, for any given land use is determined as follows:

- Estimate the total daily vehicle trips generated by the particular use. The trip estimates are based on the prevailing version of the Institute of Transportation Engineers (ITE) Trip Generation Manual, which is currently the 11th Edition.
- Divide the total daily vehicle trips by two to determine the one-way trips per day and avoid double counting. Otherwise, for instance, a person’s trip from home to work would be counted as two trips when it is actually only one trip.
- Apply an adjustment factor to the daily one-way vehicle trips to establish the number of new one-way vehicle trips per day. The trips generated by some non-residential land uses (e.g. retail) are not all new trips because a portion of the trips are drawn from the existing traffic stream.

- Multiply the number of new trips by the average trip length to obtain vehicle lane miles. The average trip length within the Town of Chester is estimated to be 3.45 miles for all uses, based on the SNHPC's regional travel demand model.¹
- Adjust the total vehicle lane miles to reflect the vehicle lane miles used on Class V (locally maintained) roads. For the Town of Chester, this adjustment reflects the fact that 79.5% of all maintained roads in the Town are locally maintained (as opposed to State maintained).
- Multiply the adjusted vehicle lane miles for each category by the estimated average cost to construct a lane-mile of roadway in the Town of Chester. Adjusting the Town's previous cost estimate (from the Town of Chester 2016 Road Impact Fee) for construction cost inflation, the estimated average cost to construct a two-lane road in the Town of Chester is now \$1,600,000 per mile. Thus, the cost to construct one lane-mile of roadway is half that amount (\$800,000). This cost is then divided by the estimated daily capacity of a lane at Level of Service D, which is estimated to be 8,800 vehicles. This results in a rounded cost of \$90.91 per vehicle lane mile.
- All fees are based on common variables (e.g. per unit for residential development and per square foot for non-residential development).

A Road Impact Fee can also be calculated for proposed land uses that are not specifically identified under a land use category in the Road Impact Fee Matrix, which is presented in Section H of this report. This can be done by estimating the number of new daily vehicle trips for the particular use and following the procedure detailed above. The prevailing version of the Institute of Transportation Engineers (ITE) Trip Generation Manual (currently the 11th Edition) should be used to determine vehicle trip estimates. For non-specified or unique cases not included in the ITE Trip Generation Manual, trip estimates should be determined by a traffic engineering professional. If Town staff does not have a copy of the prevailing version of the ITE Trip Generation Manual, a reference copy is available at the Southern New Hampshire Planning Commission office.

Town officials will be responsible for making key decisions such as determining the appropriate land use category and recognizing unique development projects where a special, site-specific trip generation rate should be determined (see footnote at the bottom of the Road Impact Fee Matrix in Section H of this report).

E. Construction Cost Adjustments and Impact Fee Updates

Because the cost estimates that were developed for use in the Road Impact Fee procedure are in based on present day dollars, the Town may adjust the fee structure annually to account for construction cost inflation. Sources of construction cost inflation include the Engineering News Record (ENR), which has tracked and reported a Construction Cost Index (CCI) since 1921. Specific to New Hampshire, the New Hampshire Department of Transportation (NHDOT) is currently utilizing an assumed inflation rate of 2.8% per year for the development of their Ten-Year Transportation Improvement Plan.

The impact fee methodology has been designed to allow for future updates or modification of the underlying assumptions. It is recommended that the variables in the Road Impact Fee Matrix be updated based on new information and documentation to produce revised impact fee amounts every three (3) years. 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.

¹ To avoid the possibility of including trip length mileage that may occur on roads outside of the Town of Chester, this estimate is derived from the average trip length between Traffic Analysis Zones (TAZs) in the SNHPC regional travel demand model within the Town of Chester.

F. Additional Administrative Considerations

The residential impact fee schedule presented herein 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 Town of Chester. The nonresidential impact fee schedule presented herein is applied to new/increased square footage in floor area by nonresidential development type.

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, 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 housing type classification, 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.

Collection of the Impact Fees

The Town of Chester's Road Impact Fee represents a *one-time charge* collected at the point where new residential dwelling units or new nonresidential square footage is authorized by building permit. As such, this methodology recognizes each new dwelling unit or new nonresidential square footage as a permanent addition to the base of demand placed on the Town of Chester's transportation network, and recognizes that the use and need for improvements may vary by type of dwelling unit and nonresidential use within the community.

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 Town of Chester 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 matrix developed herein are subject to the Town of Chester's current Fair Share Contribution ordinance (Article 14 of the Town of Chester Zoning Ordinance). While this methodology establishes a rational basis for determining proportionate dollar amounts for road impact fees, the impact fees to be assessed and collected must be implemented primarily to ensure that adequate public facilities remain available to accommodate new development and to secure more of the revenues needed for such facilities at the time new development takes place.

Additionally, the Town of Chester Planning Board should continue to update the municipal Capital Improvements Program (CIP) on an annual basis to ensure that the revenues collected through adoption of this impact fee schedule are spent by the town within six years of collection and that the transportation system needs outlined in the CIP remain consistent with the funding appropriated for them.

All impact fees assessed and collected by the Town of Chester must be spent within six years, otherwise the town is legally bound under RSA 674:21, V(e) to refund the fees with any accrued interest.

G. Land Use Categories

This report quantifies road impact fees based on common variables (e.g. per unit for residential development and per square foot for non-residential development), and provides a procedure that can be applied to proposed land uses that do not easily fit into any specific land use categories.

The Road Impact Fee Matrix is provided in Section H of the report. The following provides a brief description of each of the land use categories that are included in the matrix, as defined in the ITE Trip Generation Manual, 11th Edition.

Residential Uses:

Single-Family Detached – Single-family detached housing includes any single-family detached home on an individual lot. A typical site may include a suburban-style subdivision.

Duplex (2 Attached Units) – A single-family dwelling attached to one other single-family dwelling by a common wall or other means.

Multi-family (3+ Units) – Multi-family housing includes apartments, townhouses, and condominiums located within the same building with at least three or more total dwelling units. This would include, but not be limited to, triplexes, fourplexes, walkup apartment buildings, and stacked townhouses.

Mobile Home – A mobile home is a structure, transportable in one or more sections, which is built on a permanent chassis and designed to be used with or without a permanent foundation when connected to the required utilities. It does not include recreational vehicles or travel trailers.

Non-Residential Uses:

General Office – A general office building houses multiple tenants; it is a location where affairs of businesses, commercial or industrial organizations, or professional persons or firms are conducted. An office building may contain a mixture of tenants.

Single Tenant Office – A single tenant office building generally contains the offices, meeting rooms, and space for file storage and data processing of a single business or company. This may include other service functions including a cafeteria or restaurant.

General Light Industrial – A light industrial facility is a free-standing facility devoted to a single use. The facility has an emphasis on activities other than manufacturing and has minimal office space. Typical light industrial activities include, but are not limited to, printing, material testing, and assembly of data processing equipment.

Manufacturing – Manufacturing facilities are areas where the primary activity is the conversion of raw materials or parts into a finished product. Size and type of activity may vary substantially from one facility to another. Manufacturing facilities generally also have office, warehouse, research, and associated functions.

Warehousing – Warehouses are primarily devoted to the storage of materials but may also include office and maintenance areas.

Retail Plaza (Less than 40,000 SF) – A retail plaza is an integrated group of commercial establishments that is planned, developed, owned, and managed as a unit. For this category, the total square footage of gross leasable area would be less than 40,000 SF.

Fine Dining Restaurant – A fine dining restaurant is a full-service eating establishment with a typical duration of stay of at least 1 hour. A fine dining restaurant generally does not serve breakfast; some do not serve lunch; all serve dinner. This type of restaurant often requests and sometimes requires a reservation and is generally not part of a chain.

High Turnover Restaurant – A high turnover restaurant is a sit-down, full-service eating establishment with a typical duration of stay of 60 minutes or less. This type of restaurant is moderately priced, frequently belongs to a restaurant chain, and is commonly referred to as casual dining. Generally, these restaurants serve lunch and dinner; they may also be open for breakfast and are sometimes open 24 hours a day.

Fast Food Restaurant (with Drive-Thru) – This type of restaurant is characterized by having a drive-thru and large carry-out clientele, long hours of service (some are open for breakfast, all are open for lunch and dinner, and some are open late at night or 24 hours), and high turnover rates for eat-in customers. Table service is not provided. Rather, a customer orders from a menu board and pays before receiving their meal.

Shopping Center (40,000-150,000 SF without Supermarket) – A shopping center is an integrated group of commercial establishments that is planned, developed, owned, and managed as a unit. For this category, the total square footage of gross leasable area would be between 40,000 and 150,000 SF without a supermarket as an anchor tenant.

Shopping Center (over 150,000 SF) – A shopping center is an integrated group of commercial establishments that is planned, developed, owned, and managed as a unit. For this category, the total square footage of gross leasable area would be more than 150,000 SF.

Supermarket – A supermarket is a free-standing retail store selling a complete assortment of food, beverage, food preparation materials, and household cleaning and servicing items. Supermarkets may also provide additional services such as a bakery, dry cleaning, floral arrangements, greeting cards, a limited-service bank, and a pharmacy.

Gas Station/Convenience Store (with 2-8 Fueling Positions) – A gas station/convenience store is a facility with a co-located gas station and convenience store. The store sells groceries and other everyday items as a matter of convenience. The gas station sells automotive fuels. For this category, the gas station/convenience store would have between 2 and 8 fueling positions.

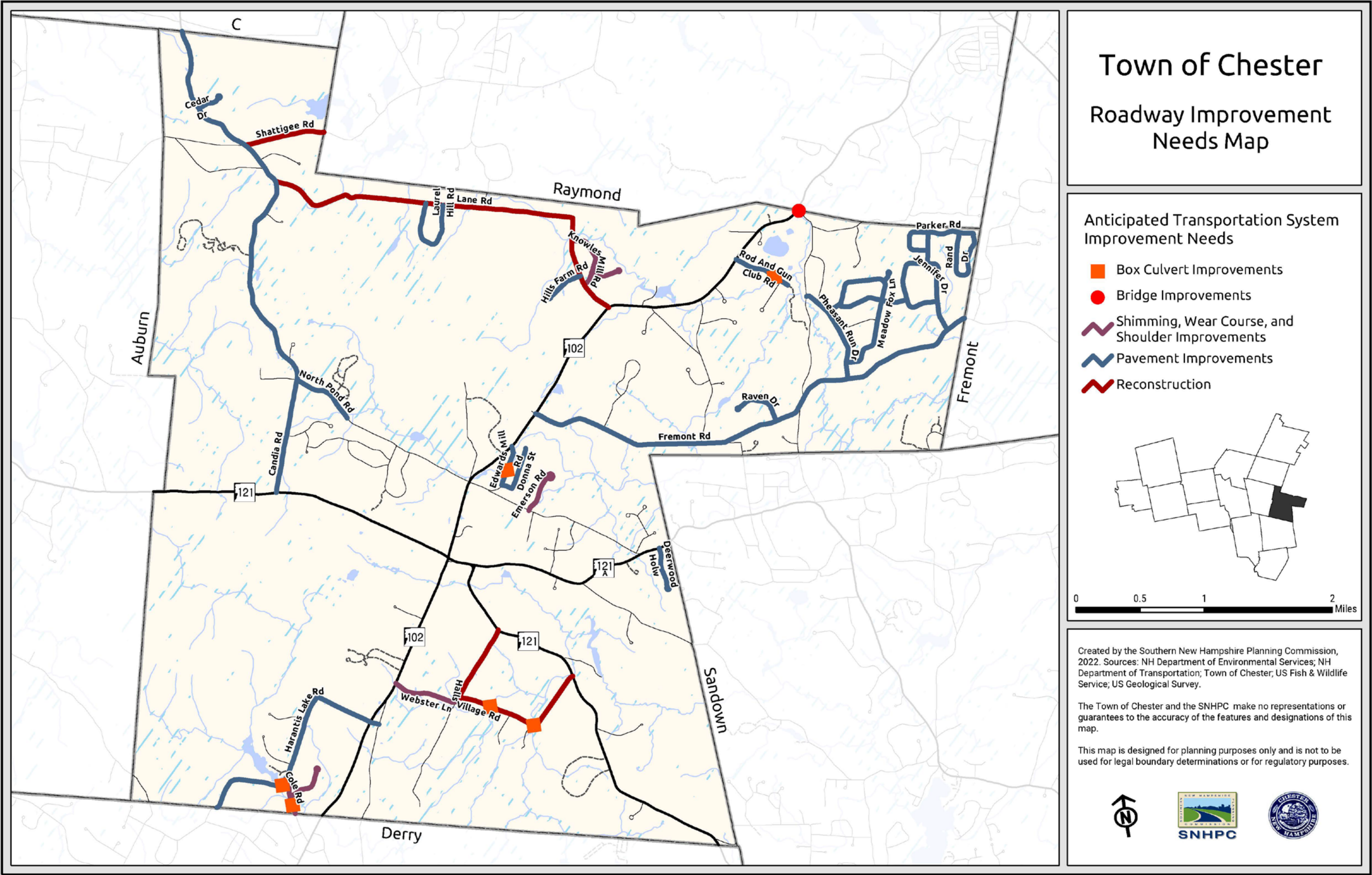
H. Town of Chester Roadway Impact Fee Matrix

Land Use Categories	Roadway Impact Fee Matrix									
Residential Uses	Trips/Day ¹	One-way Trips/Day	% New Trips	Average Trip Length ³	Vehicle Lane Miles	Class V Roads as % of Total Maintained Roads in Chester	Vehicle Lane Miles Used on Class V Roads	Cost per Housing Unit	Road Impact Fee ²	
Single-Family Detached	9.43	4.72	100%	3.45	16.27	79.5%	12.93	\$1,176	\$1,176	Per Unit
Duplex	9.43	4.72	100%	3.45	16.27	79.5%	12.93	\$1,176	\$1,176	Per Unit
Multi-Family (3+ Units)	6.74	3.37	100%	3.45	11.63	79.5%	9.24	\$840	\$840	Per Unit
Manufactured Housing	7.12	3.56	100%	3.45	12.28	79.5%	9.76	\$888	\$888	Per Unit
Non-Residential Uses	Trips/1,000 SF/Day ¹	One-way Trips/Day	% New Trips	Average Trip Length ³	Vehicle Lane Miles	Class V Roads as % of Total Maintained Roads in Chester	Vehicle Lane Miles Used on Class V Roads	Cost per 1,000 SF	Road Impact Fee ²	
General Office	10.84	5.42	100%	3.45	18.70	79.5%	14.87	\$1,351	\$1.35	Per SF
Single Tenant Office	13.07	6.54	100%	3.45	22.55	79.5%	17.92	\$1,629	\$1.63	Per SF
General Light Industrial	4.87	2.44	100%	3.45	8.40	79.5%	6.68	\$607	\$0.61	Per SF
Manufacturing	4.75	2.38	100%	3.45	8.19	79.5%	6.51	\$592	\$0.59	Per SF
Warehousing	1.71	0.86	100%	3.45	2.95	79.5%	2.35	\$213	\$0.21	Per SF
Retail Plaza (Less than 40,000 SF)	54.45	27.23	30%	3.45	28.18	79.5%	22.40	\$2,036	\$2.04	Per SF
Fine Dining Restaurant	83.84	41.92	30%	3.45	43.39	79.5%	34.49	\$3,136	\$3.14	Per SF
High Turnover Restaurant	107.20	53.60	25%	3.45	46.23	79.5%	36.75	\$3,341	\$3.34	Per SF
Fast Food Restaurant (w/Drive-Thru)	467.48	233.74	20%	3.45	161.28	79.5%	128.22	\$11,656	\$11.66	Per SF
Shopping Center (40,000-150,000 SF without Supermarket)	67.52	33.76	25%	3.45	29.12	79.5%	23.15	\$2,104	\$2.10	Per SF
Shopping Center (More than 150,000 SF)	37.01	18.51	30%	3.45	19.15	79.5%	15.23	\$1,384	\$1.38	Per SF
Supermarket	93.84	46.92	25%	3.45	40.47	79.5%	32.17	\$2,925	\$2.92	Per SF
Gas Station/Convenience Store (With 2-8 Vehicle Fueling Positions)	624.2	312.1	15%	3.45	161.51	79.5%	128.40	\$11,673	\$11.67	Per SF

Notes/Sources:

- 1) Trip generation rates are sourced from the Institute of Transportation Engineers Trip Generation Manual, 11th Edition.
- 2) A road impact fee may also be calculated for proposed land uses that are not specifically identified under a land use category in the Road Impact Fee Matrix. This can be done by estimating the number of new daily vehicle trips for the particular use and following the calculation procedure detailed in Section D of this report.
- 3) The average trip length for all purposes nationwide, based on the 2017 National Household Travel Survey was 10.5 miles. The portion of the average trip length traveled within Chester has been estimated at 3.45 miles based on the SNHPC regional travel demand model.
- 4) Per NH RSA 674:21, V impact fees may be assessed only for capital facilities that are owned or operated by the municipality. As of 2022, the NHDOT road inventory indicates that within Chester, 79.5% of total maintained road miles are Class V roads. The remaining miles (20.5%) are State roads.

I. Town of Chester Roadway Improvement Needs Map



J. References and Acknowledgements

The following reference sources contributed to the development of this document.

- *Town of Chester Traffic Impact Fee* prepared by the Southern New Hampshire Planning Commission, October 2016.
- *Impact Fee Development – A Handbook for NH Communities* prepared by the Southern New Hampshire Planning Commission, 1999.
- A Practitioner's Guide to Development Impact Fees, James C. Nicholas, et al., 1991.

Additionally, the Southern New Hampshire Planning Commission recognizes the work of Vanasse Hangen Brustlin, Inc. (VHB) for their work adapting the Sample Roadway Impact Fee methodology that underlies this report.