

***Town of Chester
New Hampshire***

School Impact Fees

Prepared for
Planning Board
Town of Chester, New Hampshire

Prepared by
Southern New Hampshire Planning Commission

FINAL DRAFT

July 2022

Adopted by Planning Board: _____

Effective Date: _____

Town of Chester School Impact Fees

A. Purpose of Report

This report provides a basis for the Town of Chester to update its impact fee for school facilities to be 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 School Impact Fee is based on the methodology and impact fee schedule detailed in this report, which documents the 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., *“public school facilities”* 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 facilities and 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 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 development-related capital improvements and allocating these costs equitably to various types of development. However, the calculation of impact fees can be complex because of the many variables involved in defining the relationship between development and the need for the facilities. This report details the public need for school facility improvements resulting from new development within the Town of Chester.

The methodology used in calculating the Town of Chester's School Impact Fees involves the following eight steps:

1. Compiling an inventory of school facilities in the Town of Chester and determining the enrollment capacity of the school facilities;
2. Defining demographic information, including total population, public school enrollment, and occupied housing units (by type) in the Town of Chester;
3. Determining the public school enrollment (and enrollment ratios) by housing type in the Town of Chester;
4. Determining the total capital investment in school facilities in the Town of Chester;
5. Detailing the school spatial standard (expressed as square feet of facility space required per pupil for grades K-8);
6. Calculating the cost/housing unit for public school facility needs attributable to new residential development in the Town of Chester;
7. Determining applicable credits, including a credit for past bond payments for expansion that addressed pre-existing school facility capacity deficiencies; and
8. Translating the unit costs and applicable credit for school facility needs into school impact fees.

D. Types of Property Benefiting from Public School Facilities

A School Impact Fee is charged to development that benefits from improved public school facilities. The Town of Chester's school system is used by residents rather than businesses or other non-residential uses within the community. Thus, the School Impact Fees are charged only to new residential development because the benefits of the school system accrue primarily to the occupants of dwelling units within the Town of Chester (i.e. the residents of the Town).

E. Schedule of School Impact Fees

Figure 1 below summarizes the fee structure for School Impact Fees in the Town of Chester. For new residential uses, the fees are assessed on a housing unit basis (by housing type). The Town of Chester may adopt School Impact Fees that are less than the amounts provided in Figure 1. However, it should be noted that a reduction in impact fee revenue may necessitate an increase in other municipal revenues, a decrease in planned capital expenditures, and/or a decrease in the Town's service standards to address the needs for such facilities.

Figure 1: School Impact Fee Schedule

| Housing Type | School Impact Fee by Housing Type |
|----------------------|-----------------------------------|
| Single Family | \$3,709 |
| Duplex | \$2,499 |
| Multi-Family | \$1,332 |
| Manufactured Housing | \$1,940 |

It is recommended that the schedule of School Impact Fees as shown in Figure 1 be reviewed and adjusted as necessary by the Chester Planning Board every three (3) years.

F. Chester School Facilities Data and Determination of Enrollment Capacity

Chester Academy, located at 22 Murphy Drive, opened in September of 1999 with 24 instructional classrooms for grades 1-8 and one pre-school/kindergarten classroom. In 2003, the school completed an addition of ten classrooms. The current Chester Academy facility replaced the former school building (built in 1948), which is now used for the Town Municipal Complex and Police Department. In 2009, a portable building was added to Chester Academy, which added administrative office space, restrooms, and learning space. The construction of the school facilities, including the 2003 expansion, were supported by a combination of State Building Aid and local bond issuances.

Today, Chester Academy is 83,494 square feet in size and has a capacity of 36 classrooms. There are 6 core spaces in the building including the gym, cafetorium (with stage), music room, computer lab, a library, and art room. The classrooms are typically 900 square feet in size, except for the two pre-school/kindergarten classrooms which are 1,137 and 1,345 square feet in size respectively. In recent years, six of the classrooms have been used for other purposes. These includes two special education rooms, one music room, one Title 1 teaching space, an extended day kindergarten room, and a reading room. There are also five specialty work spaces which include an enrichment work space, two rooms for speech, a school-based occupational therapy room, and technology staff office space.

Chester Academy also hosts a preschool program for children aged three to five. The preschool program is open to Chester residents with typically developing children. As the preschool program is tuition-based, this impact fee applies only to capacity in the school facility for grades K-8.

Chester high school students attend high school at Pinkerton Academy in the Town of Derry under a tuition agreement. School impact fees cannot be assessed in the Town of Chester for out of District facilities that serve the high school grades. Under RSA 674:21, V. school impact fees may be assessed only for facilities that are owned or operated by the local school district, or by a cooperative or regional school district of which the Town is a member.

Chester Academy has been an active participant in the Town of Chester's capital improvement planning process, and the school's capital improvement needs are identified in the Town of Chester's 2022-2029 Capital Improvements Program (CIP).

For illustrative purposes, Figure 2 below shows the improvements completed at the Chester Academy facility from 2015 to the present.

Figure 2: Completed Improvements at Chester Academy (2015-Present)

| Completed Improvements at Chester Academy (2015-Present) | | |
|--|---|----------|
| Fiscal Year | Description | Cost |
| 2021 | Adsorptive Arsenic System | \$14,400 |
| 2021 | Fabric Roof Covering for Library Walkway | \$4,800 |
| 2021 | Library Carpet Replacement | \$15,000 |
| 2021 | Cafetorium Tile Replacement | \$5,502 |
| 2021 | A/C Improvements for Library/Hub Room/SPED Offices | \$28,879 |
| 2021 | Air Purification System | \$19,711 |
| 2021 | Cafeteria/Gymnasium Hot Water Heater Replacement | \$28,889 |
| 2021 | Underground Fire Sprinkler Tank Lining | \$23,890 |
| 2020 | Capital Leasing of Technology Equipment | \$79,066 |
| 2020 | Technology Firewall Upgrade | \$7,103 |
| 2020 | Kindergarten Bathroom Addition | \$38,700 |
| 2019 | SAU Office Roof Replacement | \$6,990 |
| 2019 | Accounting System Upgrades | \$50,000 |
| 2019 | Fire Retardant Stage Curtain Upgrade | \$7,087 |
| 2018 | Fire Suppression System Water Tank Inspection | N/A |
| 2018 | Roof Wall Joint Replacement | \$7,700 |
| 2018 | Gym Lighting Switch Upgrades | \$2,000 |
| 2015 | Exterior Building and Parking Lot Lighting Upgrades | \$25,342 |

Determination of Enrollment Capacity

Prior to the 2003 school expansion, the Chester Academy facility was 69,000 square feet with 25 total classrooms. In February 2002, the New Hampshire School Administrators Association (NHSAA) evaluated the Chester Academy facilities in a report entitled, “Assessment of Educational Facility Needs” for Pre-K-8 education in the Chester School District. The report detailed that, as of February 2002 conditions, Chester Academy facility had a “mathematical capacity” of 595 students.

Based in part on the findings of the “Assessment of Educational Facility Needs” report, the Chester School District embarked on an expansion of Chester Academy, which was completed in 2003. As of 2022, the Chester Academy Facility is 83,494 square feet with a capacity of up to 36 classrooms.

Based on the current size (square footage) and number of classrooms in the Chester Academy facility compared to the size and number of classrooms before the 2003 expansion, the estimated enrollment capacity of Chester Academy under current conditions can be derived. As detailed in Figure 3 below, it is estimated that the current enrollment capacity of the Chester Academy facility is 788 students.

Figure 3: Enrollment Capacity of Chester Academy

| School | Before Expansion (Pre-2003) | | | Current Conditions (2022) | | |
|-----------------|-----------------------------|-----------------------|--------------------------------|---------------------------|-------------------|----------------------------|
| | Building SF (Pre-2003) | Classrooms (Pre-2003) | Enrollment Capacity (Pre-2003) | Building SF (2022) | Classrooms (2022) | Enrollment Capacity (2022) |
| Chester Academy | 69,000 | 25 | 595 | 83,494 | 36 | 788 |

Notes/Sources:

1) Pre-expansion enrollment capacity as presented in the "Assessment of Educational Facility Needs" report for the Chester School District, prepared by the New Hampshire School Administrators Association (February 2002). Current enrollment capacity derived from post-2003 increases in classrooms and facility square footage due to the building expansion.

Given the Chester Academy's estimated enrollment capacity of 788 students, the current enrollment as a percentage of capacity can be derived as presented in Figure 4 below.

Figure 4: Chester Academy Facility Summary

| School | Year Built/ Expanded | Grades Served | Building SF ² | Enrollment Capacity | Current Enrollment (% of Capacity) |
|-----------------|-------------------------|---------------|--------------------------|---------------------|------------------------------------|
| Chester Academy | 1999, 2003 ¹ | Pre-K & K-8 | 83,494 | 788 | 61% |

Notes/Sources:

- 1) School was constructed in 1999, with ten room classroom addition built in 2003 via voter-approved bond.
- 2) Total Building SF is based on "Gross Living Area" in Town assessing records.

G. Town of Chester Demographic Information

The Town of Chester has experienced substantial population growth from the post-World War II period to the present. In the 50-year period from 1960 to 2010, the Town more than quadrupled in population from 1,053 residents in 1960 to 4,768 in 2010. While the Town continues to attract in-migration as a driver of population growth, this growth is partially offset by the natural decline of the aging population.

Consistent with the growth of the Town's population, the Town's housing stock has also grown substantially. Over the past 20 years (2000 to 2020), the Town of Chester's housing stock has grown from 1,247 units to 1,848 units, an increase of nearly 50%. Single-family housing remains the largest component of the Town's housing stock, with single-family housing comprising more than 90% of all housing units in Chester.

While the Town's population and housing stock continue to grow steadily, public school enrollment has declined in recent years due, in part, to the larger demographic trend of an aging population. For instance, during the period from 2010 to 2020, the Town's population increased by nearly 10% and the Town's housing stock increased by more than 15%. However, public school enrollment for grades K-8 decreased by more than 20% during the same period. This enrollment decline has opened up available capacity at the Chester Academy, which could accommodate new housing development.

Figure 5 below presents information on the Town of Chester's school-related demographics from 2020 to 2022 including total population, school age population, total housing units, total occupied housing units, estimates of occupied housing units by type, and public school enrollment.

Figure 5: Town of Chester Demographic Information

| Town of Chester Demographic Information | | | |
|---|-------------|-------------|-------------|
| Demographic Indicator | 2000 | 2010 | 2020 |
| Total Population ¹ | 3,792 | 4,768 | 5,232 |
| School Age Population (5-17) ² | 859 | 1,100 | 810 |
| Total Housing Units ³ | 1,247 | 1,596 | 1,848 |
| Total Occupied Housing Units ³ | 1,214 | 1,534 | 1,819 |
| Est. Occupied Housing Units (Single-Family) ⁴ | N/A | N/A | 1,637 |
| Est. Occupied Housing Units (Duplex) ⁴ | N/A | N/A | 93 |
| Est. Occupied Housing Units (Multi-Family) ⁴ | N/A | N/A | 42 |
| Est. Occupied Housing Units (Manufactured Housing) ⁴ | N/A | N/A | 43 |
| Public School Enrollment ⁵ (K-8) | N/A | 601 | 477 |
| Public School Enrollment (K-8) Per Occupied Housing Unit | N/A | 0.39 | 0.26 |
| School Age Population Per Occupied Housing Unit | 0.71 | 0.72 | 0.45 |

Notes/Sources:

- 1) Historical population data based on U.S. Census figures.
- 2) School age population for 2000 and 2010 based on U.S. Census data. School age population for 2020 derived from American Community Survey 5-year estimates.
- 3) Total housing units and total occupied housing units based on U.S. Census figures.
- 4) Estimated occupied housing units by type derived from 2020 U.S. Census data and Town of Chester assessing data.
- 5) NH Department of Education data for October 1st enrollments in the applicable academic year. Data for most recent year provided by the Chester School District.

H. Determination of Enrollment Ratios

To support the development of the School Impact Fee, the Town of Chester Assessing Department prepared a comprehensive spreadsheet of all housing units in Chester by street address, map and block number, total assessed value, housing type, housing style, number of bedrooms, and year built. The data in this spreadsheet was then merged with a spreadsheet created by the SAU# 82 Office showing current enrollment (e.g. students enrolled in pre-school through grade 12) by street address.

From this information, the Town of Chester's public school enrollment by housing type was derived, as detailed in Figure 6 below.

Figure 6: Town of Chester Public School Enrollment by Housing Type

| Housing Type | Town of Chester Public School Enrollment by Housing Type | | | | | | | | | | | | | | | | | |
|-------------------------|---|----|----|----|----|----|----|----|----|----|--------------|-------------|--|----|----|----|--------------|------------|
| | Elementary/Middle School Students Enrolled at Chester Academy | | | | | | | | | | | | Enrollment at Pinkerton Academy ¹ | | | | | Total |
| | PK | K | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Total (PK-8) | Total (K-8) | 9 | 10 | 11 | 12 | Total (9-12) | |
| Single Family | 16 | 49 | 64 | 43 | 48 | 47 | 45 | 60 | 55 | 52 | 479 | 463 | 63 | 51 | 68 | 61 | 243 | 706 |
| Duplex | 0 | 1 | 1 | 2 | 0 | 2 | 0 | 0 | 2 | 3 | 11 | 11 | 2 | 2 | 1 | 2 | 7 | 18 |
| Multi-Family | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 0 | 1 | 1 | 3 |
| Manufactured Housing | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 1 | 2 |
| Total Enrollment | 16 | 50 | 65 | 45 | 48 | 49 | 48 | 60 | 57 | 55 | 493 | 477 | 66 | 53 | 69 | 64 | 252 | 745 |

Notes/Sources:

1) The Town of Chester has no high school and no current plans to build a high school. The Town's high school students attend Pinkerton Academy in the neighboring Town of Derry. High school enrollment and costs related to Pinkerton Academy are not included in this impact fee.

Based on the information in Figure 6, enrollment ratios for K-8 students by housing type can be derived. The enrollment ratio is simply the number of K-8 students (by housing type) divided by the total number of occupied units (of each housing type). For the Town of Chester, pre-school (PK) enrollments are omitted because the pre-school program is tuition based. Similarly, high school (9-12) enrollments are omitted because Chester high school students attend high school at Pinkerton Academy in the Town of Derry under a tuition agreement.

While the data presented in Figure 6 above yields an appropriate K-8 enrollment ratio in the Town of Chester of 0.283, the sample sizes for duplex, multi-family, and manufactured housing are too small to calculate enrollment ratios based solely on local data. The enrollment ratios for duplex, multi-family, and manufactured housing were instead derived through indexing.

To derive the ratios for duplex, multi-family, and manufactured housing through indexing, the Town of Chester's single family housing enrollment ratio was used as a baseline for the index. Statewide enrollment ratios for duplex, multi-family, and manufactured housing as presented in "*Housing and School Enrollment in New Hampshire: A Decade of Dramatic Change*" (prepared by Applied Economic Research for the NH Housing Finance Authority, June 2012) were then applied in relation to the Town of Chester's single family housing enrollment ratio. By applying this indexing process, it is assumed that the statewide relationship between enrollment per unit by housing type has remained constant from the publication of "*Housing and School Enrollment in New Hampshire: A Decade of Dramatic Change*" to the present.

Figure 7 below presents the enrollment ratios used in the development of the Chester School Impact Fee.

Figure 7: Town of Chester Enrollment Ratios by Housing Type

| Enrollment Ratios by Housing Type | |
|-----------------------------------|-------|
| Housing Type | K-8 |
| Single Family | 0.283 |
| Duplex ¹ | 0.189 |
| Multi-Family ¹ | 0.101 |
| Manufactured Housing ¹ | 0.151 |

Notes/Sources:

1) Enrollment ratios for duplex, multi-family, and manufactured housing derived using the Town of Chester's single family housing enrollment ratio as a baseline and applying statewide figures presented in "Housing and School Enrollment in New Hampshire: A Decade of Dramatic Change", prepared by Applied Economic Research for the New Hampshire Housing Finance Authority, June 2012.

I. Capital Investment in School Facilities

As detailed in Figure 8 below, the Town's existing investment in the Chester Academy facility is \$13,400,200 based on the current replacement value identified in School District insurance policies. Similarly, the insured value of the contents of the Chester Academy facility is \$2,060,400. Thus, the Town's total capital investment in the Chester Academy facility is estimated to be \$15,460,600. Based on the current square footage of the Chester Academy facility, this investment translates into a capital cost of \$185/SF.

Figure 8: Town of Chester Capital Investment in School Facilities

| Facility | Insured Values (2022) | | | Cost Analysis | |
|-----------------|-----------------------------|-----------------------------|--------------------------|---------------|---------|
| | Replacement Cost (Building) | Replacement Cost (Contents) | Replacement Cost (Total) | Building SF | Cost/SF |
| Chester Academy | \$13,400,200 | \$2,060,400 | \$15,460,600 | 83,494 | \$185 |

Notes/Sources:

1) Values derived from the Chester School District's most recent insurance exposure reporting.

J. Spatial Standards for School Facilities

A central component of this impact fee methodology is defining the Town's spatial standard for K-8 school facilities. As detailed in Figure 3 and Figure 4 in Section F of this report, it is anticipated that the existing Chester Academy facility has an enrollment capacity of 788 students. Accordingly, this impact fee is based on recouping new development's proportionate share of the Town's total capital investment in school facilities. The Town of Chester school facility spatial standards are presented in Figure 9 below.

Figure 9: Town of Chester School Facility Spatial Standards (K-8)

| School | Building SF | Enrollment Capacity | Spatial Standard (SF/Student at Capacity) |
|-----------------|-------------|---------------------|--|
| Chester Academy | 83,494 | 788 | 106 |

The preceding items calculated in this report are used to determine the Cost/Housing Unit (by type) for school facilities attributable to new development in the Town of Chester as detailed in Figure 10 below.

Figure 10: Determination of School Facilities Cost/Housing Unit Attributable to New Development

| Housing Type | K-8 Enrollment Ratio (Students/ Housing Unit) | Spatial Standard (SF/Student) | School Facility Costs (Cost/SF) | School Facility Costs per Housing Unit |
|----------------------|---|----------------------------------|------------------------------------|--|
| Single Family | 0.283 | 106 | \$185 | \$5,546 |
| Duplex | 0.189 | 106 | \$185 | \$3,709 |
| Multi-Family | 0.101 | 106 | \$185 | \$1,983 |
| Manufactured Housing | 0.151 | 106 | \$185 | \$2,968 |

K. Credit Evaluation

Two credits are incorporated into the Town of Chester School Impact Fee basis as detailed below.

Credit #1 – Adjustment for Historical State Building Aid Contributions

A credit of 30% is incorporated to reflect historical contributions via the NH School Building Aid program which supported the original construction of the Chester Academy in 1999, and the subsequent expansion of Chester Academy in 2003.

Credit #2 – Adjustment for Past Bond Debt Payments for the Chester Academy Expansion Attributable to Pre-existing Space Deficiency

A credit is incorporated for past bond debt payments for the 2003 Chester Academy expansion project, as a portion of the debt service payments for the 2003 expansion project were attributable to a pre-existing space deficiency.

The calculation of this pre-existing space deficiency is presented in Figure 11 below. Before the 2003 expansion was completed, Chester Academy was over capacity by 46 students (i.e. enrollment of 641 students vs. capacity of 595 students). Given the Town's spatial standard of 106 SF/Student, the pre-existing space deficiency totaled 4,872 SF of facility space, which comprised 33.61% of the expansion project.

Figure 11: Pre-existing (Pre-2003) Chester Space Deficiency

| Portion of 2003 Addition Attributable to Pre-existing Space Deficiency | | |
|--|--------|------------|
| Space/Student Standard (2022) | 106 | SF/Student |
| Enrollment in Base Year (2003) | 641 | Students |
| Enrollment Capacity in Base Year | 595 | Students |
| SF Deficiency in Base Year | 4,872 | SF |
| SF Added in Expansion | 14,494 | SF |
| Base Year Deficiency as a % of Added Space | 33.61% | Percentage |

To calculate the credit amount, the present value of past bond payments related to the Chester Academy expansion project must be computed. This involves computing the present value of payments related to the original 2003 School Expansion Bond, and the (refinanced) 2012 School Bond (which included the remaining school expansion project debt).

Figure 12A below presents the calculation of the past payment credit for the Chester Academy Expansion project attributable to the pre-existing space deficiency. Included in Figure 12A are the annual principal amount, interest amount, and present value of past payments (based on an assumed 5% discount rate).

Figure 12A: Calculation of Credit for Chester Academy Expansion Attributable to Pre-existing Space Deficiency

| 2003 Construction Bond for School Expansion | | | | | | |
|--|--------------------------|-------------------------|----------------------|---|-----------------------------|---------------------------------------|
| Year | Principal Payment | Interest Payment | Total Payment | Less State Building Aid (30% of Principal) | Net Cost to District | Present Value of Past Payments |
| 2003 | \$0 | \$36,428 | \$36,428 | \$ - | \$36,428 | \$92,052 |
| 2004 | \$205,521 | \$69,053 | \$274,574 | \$ (61,656) | \$212,918 | \$512,412 |
| 2005 | \$205,000 | \$62,125 | \$267,125 | \$ (61,500) | \$205,625 | \$471,296 |
| 2006 | \$205,000 | \$55,155 | \$260,155 | \$ (61,500) | \$198,655 | \$433,639 |
| 2007 | \$205,000 | \$48,185 | \$253,185 | \$ (61,500) | \$191,685 | \$398,499 |
| 2008 | \$205,000 | \$41,112 | \$246,112 | \$ (61,500) | \$184,612 | \$365,519 |
| 2009 | \$205,000 | \$33,937 | \$238,937 | \$ (61,500) | \$177,437 | \$334,584 |
| 2010 | \$205,000 | \$26,762 | \$231,762 | \$ (61,500) | \$170,262 | \$305,766 |
| 2011 | \$205,000 | \$19,382 | \$224,382 | \$ (61,500) | \$162,882 | \$278,583 |
| Subtotal 2003 Construction Bond | | | | | \$1,540,504 | \$3,192,351 |
| 2012 Consolidated School Bond (Refinance Including Remaining Expansion Costs) | | | | | | |
| Year | Principal Payment | Interest Payment | Total Payment | Less State Building Aid¹ | Net Cost to District | Present Value of Past Payments |
| 2012 | \$316,000 | \$50,647 | \$366,647 | \$ (43,581) | \$323,066 | \$526,240 |
| 2013 | \$315,000 | \$40,400 | \$355,400 | \$ - | \$355,400 | \$551,342 |
| 2014 | \$310,000 | \$34,150 | \$344,150 | \$ - | \$344,150 | \$508,466 |
| 2015 | \$300,000 | \$28,050 | \$328,050 | \$ - | \$328,050 | \$461,599 |
| 2016 | \$290,000 | \$20,700 | \$310,700 | \$ - | \$310,700 | \$416,368 |
| 2017 | \$285,000 | \$12,075 | \$297,075 | \$ - | \$297,075 | \$379,151 |
| 2018 | \$260,000 | \$3,900 | \$263,900 | \$ - | \$263,900 | \$320,772 |
| Subtotal 2012 Consolidated School Bond | | | | | \$2,222,341 | \$3,163,939 |

| | |
|---|---------------|
| Present Value of Past Payments (Including 5% Discount Rate) | \$6,356,290 |
| Percentage of Costs Related to 2003 Space Deficiency | 33.61% |
| Amount Credited to Base Year Deficiency | \$2,136,418 |
| Town of Chester Net Local Valuation (2021) | \$683,245,274 |
| Present Value of Past Payments (Per \$1,000 Assessed Value) | \$3.13 |

Notes/Sources:

1) State Building Aid supporting the Chester Academy expansion project ended during 2012.

The analysis in Figure 12A yields a credit per \$1,000 assessed value of \$3.13. As detailed in Figure 12B below, this credit is only applied to the unimproved (i.e. raw land) portion of the assessed valuation, which is assumed to be 15% of the total valuation. The average assessed valuation per unit by housing type presented in Figure 12B was derived from the Town of Chester's assessing database.

Figure 12B: Credit for Chester Academy Expansion Attributable to Pre-existing Space Deficiency Applied to Raw Land Portion of Valuation

| Housing Type | Average Assessed Valuation (per Unit) | Raw Land Portion of Value (15%) | Credit for Past Payments |
|----------------------|---------------------------------------|---------------------------------|--------------------------|
| Single Family | \$368,496 | \$55,274 | \$173 |
| Duplex | \$207,734 | \$31,160 | \$97 |
| Multi-Family | \$120,115 | \$18,017 | \$56 |
| Manufactured Housing | \$293,811 | \$44,072 | \$138 |

L. Residential Impact Fees for School Facilities

Applying the School Facility Costs per Housing Unit detailed in Figure 10 of this report with the two credits detailed in Section K above, Figure 13 below presents the Town of Chester School Impact Fees.

Figure 13: Town of Chester School Impact Fees

| Housing Type | School Facility Costs Per Housing Unit | Less State Building Aid (30%) | Less Credit for Past Payments | School Impact Fee by Housing Type |
|----------------------|--|-------------------------------|-------------------------------|-----------------------------------|
| Single Family | \$5,546 | \$ (1,664) | \$ (173) | \$3,709 |
| Duplex | \$3,709 | \$ (1,113) | \$ (97) | \$2,499 |
| Multi-Family | \$1,983 | \$ (595) | \$ (56) | \$1,332 |
| Manufactured Housing | \$2,968 | \$ (890) | \$ (138) | \$1,940 |

M. Additional Administrative Considerations

This 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 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:

| | |
|--|------------------|
| School Impact Fee for duplex housing type: 2 units @ \$2,499 = | \$4,998 |
| Less schedule amount for single-family unit | <u>(\$3,709)</u> |
| | \$1,209 |

By applying this procedure, the baseline impact already present in the form of an existing single-family home is considered. 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 will be responsible for working with the fee-payer during the building permit process.

Updating the Fee Schedule

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 impact fee model 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.

Assessment/Collection of the Impact Fees

The Town of Chester's School impact fees 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 the Town of Chester's school level of service and capacity, and recognizes that the use and need for facility improvements may vary by the type of dwelling unit 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 schedule 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 impact fees that could be assessed for school facilities, 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 school facility 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.

N. References and Acknowledgements

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

- *Town of Chester School Impact Fee* prepared by the Southern New Hampshire Planning Commission, September 2016.
- *Impact Fee Development – A Handbook for NH Communities* prepared by the Southern New Hampshire Planning Commission, 1999.

Additionally, the Southern New Hampshire Planning Commission recognizes the work of Bruce Mayberry of BCM Planning, LLC in Yarmouth, Maine. Mr. Mayberry's work on the development of impact fee methodologies has influenced not only the development of this document, but similar efforts for communities around Northern New England.