

CITY OF DOVER

DOVER PLANNING BOARD - MINUTES

Meeting Type: Workshop
Meeting Location: Council Chambers – 288 Central Avenue, Dover, NH 03820
Meeting Date: Tuesday, September 23, 2008
Meeting Time: 6:30 pm

REGULAR MEMBERS PRESENT: Ron Cole, Frank Torr, Dean Trefethen, Don Andolina, Marcia Colbath, John Swartzendruber, Kirt Schuman, Perry Plummer, Doug Steele

REGULAR MEMBERS ABSENT:

ALTERNATE MEMBERS PRESENT: Linda Merullo, Ron Stock

STAFF PRESENT: Christopher Parker, Planning Director, Steve Bird, Planner and Jennifer Bretz, Recording Secretary

DISCUSSION OF IMPACT FEES

Steven Bird, City Planner, stated in 2000-2001 when the Master Plan was being redone, almost every chapter made a recommendation that the City consider Impact Fees. A zoning ordinance was passed, in late 2002, which enabled the Planning Board to adopt impact fees. The Planning Board adopted the School Impact Fee in February 2003. It's been charged ever since. In the interim, they've been discussing the need for additional impact fees. In November 2007, the Planning Department hired Bruce Mayberry to assist with developing fees. He was the same consultant that was used when the School Impact Fee was developed. He has been working closely with the Recreation Dept., Fire Dept., and Police Dept. They will also be getting an update of the School Impact Fee.

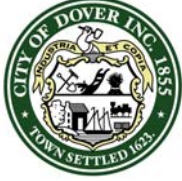
Bruce Mayberry, Planning Consultant – New Glouster ME, stated he's been working on impact fees, in NH, since 1992 which is just after they were first authorized by the legislature. He's worked with the City of Dover as well as 35 other communities in NH. The study that he's working on for the City, works on updating the School Impact Fee, Public Safety Impact Fees for Police and Fire Department, and to examine Public Recreation Fees. Impact fees are designed to allow you to capture, from new development, its dollar value that represents its proportionate impact on capitol facilities. They are attempting to isolate a dollar amount that is proportionate to demand or consumption of capitol facilities. In schools or things that are not utilities, they're not metered. They don't have a direct measure of usage. They're talking about capitol costs only.

1. SCHOOL IMPACT FEES

The original basis was the 2001-2002 study and anticipated facility improvements. There were a few components that were upgraded. The enrollment per unit was adjusted to October 2007. The floor area per pupil capacity was amended to reflect school renovations and expansions. The facility development cost per square foot was indexed to 2008. Credit allowances were updated to account for pre-existing space needs. There was a revised fee schedule with two options based on alternative costs per square foot and the fee is only applicable to new residential development.

Trefethen stated there is no fee for the non residential. Is that a state law requirement or is that the way that they are looking at it?

Mayberry stated the state statute says that the impact fees assessed have to be proportionate to the impacts of new development. The direct impact has been looked at rather than the indirect impact. New employment does cause new families to be generated. The general way of assessing fees is to look at the first tier, the



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direct impact, so that new homes are associated or fees (library, recreation, schools) tend to be oriented exclusively to residential development. If they get into public safety (highways, water, and sewer) those have a combined impact of non residential. In those cases, those are split out.

Andolina stated considering the basis for impact fees are capitol expenditures, how is any state or federal aid handled? What would be the capitol cost in computing impact fees?

Mayberry stated when you get into the formulas and spreadsheets that are in the report, you'll find that they take the total development cost and they deduct 30% state building aid. The net cost to the City is what they are trying to reflect.

Colbath asked how students from out of town are factored in.

Mayberry stated in cases where there are tuition pupils, the fee basis starts with enrollment per dwelling unit. For Dover, the fee basis is Dover's resident enrollment per housing unit. They know there are tuition pupils using the schools at the high school level. They are assessing only for the contribution to enrollment by a typical home in Dover. In 2001, the City did an extensive job to determine, using GIS and assessment data, to find out how many types of pupils are enrolled in different types of housing units.

Parker stated after the initial start with Mayberry, they've continued doing the "Where Students Live and What Type of Housing". They've worked with the School Department every year. He just received the 2009 enrollment data so the Planning Dept can integrate it into their information.

Andolina stated when looking at the charts, do the unit descriptions tie in to the City's descriptions or are they mandated by the State?

Mayberry stated they are specific to the City. They are the same categories that were used in 2002.

Parker stated that it matches the City's table of uses.

Cole asked if there has been a significant increase in the number of students. There is a potential for people that have been sending their children to private schools, that don't want to pay tuition any longer, to send their children to Dover.

Parker stated in the past 4 years, they've picked neighborhoods to track where the children are attending school. They picked 2 neighborhoods in the South, Central and North side of Dover.

2. RECREATION FACILITIES IMPACT FEE

There were two models considered. One is a Facility Standard Method and the other is an Investment Method. The application of the fee would be to residential developers only.

In the Facility Standard Method, the fees would be calculated based on a few ratios. For example, the number of facilities required per 1000 persons, the estimated cost per facility, the cost to serve new development, the



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tax cost to rectify existing deficiencies computed as a credit allowance and credit allowance equals impact fee.

In the Investment Method the ratios would be cost basis which is the value of existing facilities plus the cost of major CIP improvements, Service base assumed would be a future population of 35,000, the overall investment per capita based on the projected service population, the cost per housing unit based on the average household size by type of unit and the credit allowance based on increased investment per capita needed today to serve the existing population.

Plummer asked how they determined what is maintenance and what are upgrades? Maintenance can not be paid by impact fees but upgrades can be.

Mayberry stated in the statute it says the impact fee shall not pay for upgrades qualifying the need for which is not created by new development. The cost of upgrades is an includable item if the upgrade is necessary to meet the needs of new development. Almost all every capital improvement that he sees is a combination of upgrading and expanding. If something is strictly maintenance, it shouldn't be part of the impact fee assessment. If you look at the capital improvements program that, by design, should be reflecting capitol costs that are beyond the annual maintenance which would be carried in the budget. The term upgrade is used in some of the investments. If you only allocate the proportion of the upgrade assessment that's needed to serve new development, than that is all right. When you get down to costs that are routine maintenance, it isn't a major capitol improvement that's going to specifically benefit new development. The first method is strictly based on a unit cost which is strictly construction. The second method is based on what the City has described as a combination of improvements and upgrades for the future.

Plummer stated they would have to use that term very carefully and understand it. If you have 3 swing sets in a park that are old and you're replacing them because they are worn out, that would not qualify but if you added a 4th swing set, it would qualify because of demand.

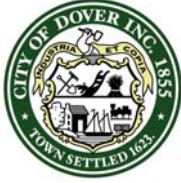
Mayberry stated that would be an example. What he sees in the City's plan is a wholesale redevelopment of some parks.

Plummer stated what if they had a park that they didn't do maintenance to, for a long period of time, than did a wholesale redevelopment of it, are they looking at getting themselves into trouble because they haven't done any maintenance on it? A wholesale redevelopment looks more like a maintenance issue than an impact issue.

Mayberry stated someone could contest that it's merely maintenance. What he saw in the CIP looked like major improvements when you're coming in and redeveloping. The test is whether new development is going to derive a benefit from the fees paid.

Cole stated they've budgeted, for 2011, an artificial turf athletic field. Would that be considered a player as the population increases?

Mayberry stated he would put that in there because the artificial turf surface expands the utility of that field. There is an enhancement to capacity.



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Andolina stated once an impact fee structure is approved, would plan be to update it each year?

Mayberry stated it can be updated each year. It's set up on spreadsheets so it isn't difficult to update once it's been in place. He usually encourages communities not to update it every year, maybe every 3 years. You shouldn't let too much time go by.

Andolina stated what if we have a capitol improvement plan, a \$1,000,000 improvement to a park that will be spread out over 5 yrs. Year 1 when looking at the impact fees, which figure is used? \$200,000 per year or the \$1,000,000?

Mayberry stated the key thing is that the improvements go forward. That usually means an advanced investment by the City. For example, the schools, you couldn't wait for enough impact fee revenue to accumulate before you did a project. The best way that impact fees work is to reimburse an investment that's already been made with the assumption that that investment is serving a future service base not just existing residents. In recreation, it works out if you spend a \$1.00 of City funds and could match it with a \$1.22 in impact fees or a 50/50 split would be the best way to keep it proportionate. There are still a lot of deficiencies that need to be remedied but at the same time making an investment to serve new development. The best way is to do the improvements, get them done and let the impact fees catch up over 20 years. Reimburse the City for what's been invested. If you do your updates periodically the fees will rise gradually over time. Recreation is difficult because you're dealing with so many facilities; it's not just one edifice that you're trying to build.

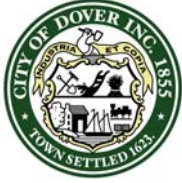
Colbath asked if the figures are shown on a per unit basis?

Mayberry stated everything shown for housing is a per unit dwelling.

3. PUBLIC SAFETY IMPACT FEES

The components for the **Police Department** are assumes development of new department headquarters, capital need based on officers per 1000 residents and floor area per officer, development cost of facility space at \$300 per sq. ft., cost allocated between residential and non-residential, proportions based on call for service data by sector, service population, employment in City and sq. ft. of non-residential development projected, allocated base cost per capita applied to household size of a single family home, non-residential costs assigned per sq. ft. of new development, adjusted up or down based on relative call frequency relative to base and credit allowances computed for significant existing deficiencies in space.

The components for the **Fire and Rescue Department** are total floor area and replacement cost of three fire stations serving the City, cost of stations computed at development cost per sq. ft. for the North Station, total replacement costs attributed to future service population of 35,000 and projected gross leasable area of non-residential space, costs allocated between residential and non-residential, proportions based on calls for service by sector, residential base computed at per capita cost times persons in a single family home, non-residential base computed at average per sq. ft. of new development, adjusted up or down from averages based on relative call frequency, credit for base year deficiencies as a portion of North Station debt service, Options are the fee may be with or without re-couplement of investment in apparatus and capital



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equipment(both options are presented) and the fire apparatus cost is significant and its inclusion or exclusion has a major impact on the amount of the fee.

The **Public Safety Impact Fee(s)** are assessed to both residential and non-residential development. They may be applied as a single “public safety impact fee” or assessed and collected as distinct fees for each department.

Plummer stated the Fire Department is setting aside money, each year, in their operating budget for a capital reserve for the fire apparatus is that double dipping? If they are setting that money aside from current tax dollars can they still charge impact fees for that apparatus? In a few years they start paying for the apparatus out of the capital reserve account. That is what they want to do because they’re not bonding money and it’s cheaper. How does that affect being able to charge as an impact fee?

Mayberry stated in his opinion, you can charge the impact fee based on the original acquisition cost of the equipment updated to current replacement cost. Different trucks require different replacement, different service life and so forth. A one time fee that offsets the original acquisition cost is appropriate even though you’re doing a capital reserve to replace over time.

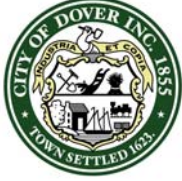
Trefethen stated using the upper range fee schedule as an example, for a single family home, the total is \$5,856. The argument that the Board has heard, regarding the existing School Impact Fee, is that it’s unfair to someone who has owned a lot that has been vacant for a number of years, they’ve paid taxes on it, they decide to build on it and their contention is they’ve already paid the investment fee because they’ve been paying taxes on a vacant lot that has received no services. How do other communities handle that?

Mayberry stated that was a point that was considered in the original impact fee assessment and in the update. They look at past debt service and impacts on the tax rate. There’s a credit allowance that’s based on the value of vacant land paying in to those bonds. The part taken was the part to pay for the amount of facilities needed for current students. Vacant land had received no benefit and had no impacts during that period. Within the formula, there’s a small credit allowance to offset that. The fee would be much higher if the allowance were not built into it. Another thing to think about, regarding the school fee, the entire City fee with schools combined here, is quite a bit lower than some other communities’ school impact fee. Dover is an urban center and tends to have a lower enrollment ratio per dwelling unit compared to Dover’s rural neighbors where single family homes dominate.

Trefethen stated a concern he’s had with the present impact fees is, in a new subdivision, the value of the impact fee is included in the sales price. The sale price becomes part of the basis of an assessment value from a tax standpoint. Is there way of separating out the fee that is not part of the sales price?

Mayberry stated it depends on the timing assessment. Realtors and others have asked new home transaction, for a newly built home, to show that as part of the HUD settlement statement. What happens over time is the knowledge that the impact fee will be assessed in new developments, effectively; it should be reducing the value of the land. It would be difficult to have a two tiered system other than the credit that they’ve already tried to build into it.

Parker stated if we were to get the list to the City Assessor and say, “Be aware, any house that was constructed in 2008-2009, these fees were probably assessed and should be deducted.” From the cost of the



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land, the evaluation is land and property. Looking at it, he would say the land evaluation should be \$5,000 less. What will be interesting to hear and discuss is the apartments and the 2-3 family. The 2-3 family is \$5,979. Multiplying that figure by 3, the land goes down by \$18,000. Regarding apartments, if you use the Whittier St. project as an example, that apartment complex would be \$2,800 multiplied by the 63 units and deduct that from the land value. You're running the risk of making the land almost worth nothing.

Mayberry stated the one thing to remember when doing appraisals, that later become assessments it's based on market value. If he were looking at buying a piece of land for a prospective development the price he would pay would reflect all of those considerations. Depending on when the property was purchased the impact fees may already be computed into the market value.

Parker stated the developer for the Homewood Suites/Margarita's project came in and asked for all of the fees ahead of time so that he can build it in and make sure the project would be worthwhile, economically, for him to do. More and more developers are doing that.

Trefethen stated most developers are going to do that. We have requests all of the time from individuals who have a piece of land, want to build a house on it, and didn't realize there would be a school impact fee to pay. They tell us that they don't want to pay it because they didn't think they had to. There's still that assessment category that doesn't seem quite right.

Parker stated he'll speak to the City Assessor to see if it is factored in.

Bird stated we have collected \$629,454 in School Impact Fees in 5 ½ years. The money spent upgrading school facilities, in that time period; the school impact fee is only a small portion of that but for every dollar collected in impact fees is one less dollar that tax payers, as a whole, will have to pay. Almost \$500,000 has already been spent or allocated for school new construction projects. We're not going to run into a situation where we'll have to start refunding impact fees. The process now is the Planning Board needs to consider the impact fees and schedule a public hearing. If the Planning Board is comfortable after the public hearing, then the Board would adopt those impact fees. The fees would be implemented and as development comes through the Planning Board process, the Board would be assessing the fee each time. The fee would be assessed at the Planning Board level and collected before they receive their Certificate of Occupancy. The projects that don't go through the Planning Board, the impact fee is handled through the Building Inspection Department.

Parker stated he would like board to consider a public hearing on October 14, 2008 and if the Board is comfortable, vote on October 14, 2008.

Motion: Andolina made the motion to move forward. Vote: U/A

Workshop adjourned at 7:51 pm.