

*Town of Candia,
New Hampshire*

Solid Waste Impact Fee

Prepared for
Town of Candia, New Hampshire

Prepared by
Southern New Hampshire Planning Commission

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Town of Candia Impact Fees

Solid Waste Impact Fee

Authority

New Hampshire RSA 674:21, V. authorizes municipalities to assess impact fees to new development for the construction or improvement of capital facilities owned or operated by the municipality, including transfer, recycling, processing and disposal facilities. The amount of the fee must be reasonably related to the capital needs associated with the demands of new development. Impact fees may be used to recoup the cost of facilities developed in anticipation of new growth, or to fund future capital projects that will accommodate the needs of new development.

Purpose

This report provides the Town of Candia with a methodology and schedule for assessing a **Solid Waste Impact Fee** on future housing units to equitably share the cost of construction of the town's new transfer, recycling, processing and disposal facility which was built in anticipation of new growth.

Background

Information on the Town of Candia's solid waste and recycling facilities is provided by Selectmen Joe Duarte and Tom Giffen; Severino Trucking, the general contractor for the facility; Rene LaBranche, Stantec engineering; and Paul McHugh, Candia Solid Waste Committee.

The Town of Candia's new recycling/transfer station is located at 29 Deer Run Road. Planning for the new recycling/transfer station was implemented in 2007. This included final permitting, preparing bid documents, setting up financial arrangements, and awarding the contract to construct the facility. The construction of the new recycling/transfer station was a design-build project which means that the design and construction aspects of the facility were contracted for with a single entity known as the design-builder or design-build contractor. Stantec, the town's engineering firm, worked on the design of the facility and the site plan, and Severino Trucking was chosen by the town as the general contractor to build the facility.

Construction of the new recycling/transfer station was completed in 2008 and the facility is now open to the public. The town believes the new facility will increase the capacity and efficiency of the town's former solid waste facility and will allow the town to expand its recycling programs.

As allowed by the New Hampshire Department of Environmental Services (NH DES), the town received a permit extension to use the existing incinerator until November 2008. The cost to shut down the incinerator and close the town's former recycling facility is not

included in this solid waste impact fee calculation as funding to address these costs were previously approved as part of the official capping of the town's former landfill years ago.

According to Paul McHugh, Candia Solid Waste Committee, the size and design of the Town of Candia's new recycling/transfer station is modeled after a similar size facility owned by the Town of Lee, New Hampshire. According to Mr. McHugh, Candia's new recycling/transfer station is designed to handle approximately 6,700 residents which is expected to handle the towns' needs for more than 25 years. Thus, for the purposes of this impact fee calculation, the design capacity and design year of Candia's new recycling/transfer facility is assumed to be the year 2030 and approximately 50 percent of the cost of the new facility is attributable to existing use by town residents.

Methodology

The Town of Candia's Solid Waste Impact Fee is modeled after the Town of Deerfield's Solid Waste Impact Fee Methodology and Schedule, 2005 Update prepared by Bruce C. Mayberry, Planning Consultant, dated July 27, 2005.

The methodology applies three major factors: (1) persons per occupied housing unit; (2) replacement cost of solid waste capital facilities per capita, based on estimated service population at capacity; and (3) credits for debt service related to capital investments serving pre-existing needs (demands on facilities in the base year).

Calculation Methodology

Persons Per Occupied Unit: In this impact fee schedule, average household size is computed on the basis of the 2000 U.S. Census, which is the most recent source of population data at the local level. The data includes household size estimates for Candia, based on the 2000 census data, using detailed counts of the number of housing units by units in structure, and the population residing in those units. Table 1 shows the computation of the average household size by type of housing unit in Candia. This ensures that the proportionate per capita assessments reflect the most recent demographic information for the Town.

**Table 1
Candia – Average Household Size by Type of Structure in 2000**

Type of Structure	Occupied Units	Persons in Units	Persons Per Occupied Unit
Single Detached	1,180	3,484	2.953
Attached & 2 or More Family	23	61	2.652
Manufactured Housing	39	66	1.692
Total	1,242	3,611	2.907
Group Quarters Population	0	0	N.A.
Total Population		3,611	

Source: 2000 Census, SF3 Sample Data



Gross Capital Cost of Facilities: Table 2 identifies the base year (2007) and current year (2008) cost of the new recycling/transfer station, adjusted for the value of a New Hampshire the Beautiful grant of \$5,000. Because there is no total cost difference of the facility (which began construction in 2007 and was completed in 2008 utilizing bond proceeds), no 2008 facility cost adjustment is necessary.

Table 2

SOLID WASTE DISPOSAL FACILITIES - CAPITAL COST PER UNIT			
Town of Candia			
Recycling/Transfer Station			
	Base Year	Design Year	
Year	2007	2030	
Population Estimates (SNHPC and NH OEP - Estimate)	4,100	4,840	
Per Capita Solid Waste (Estimated lbs/capita/day)	1.69	1.69	
Solid Waste (Tons/Year) – 2007 MSW (800 tons) and Recycling (453 tons) – Combined Total	1,261	1,493	
		2008 Adjusted Cost of Facilities	Cost Multiplier to Adjust Base Year Cost to 2008
Solid Waste Facilities	Original Cost		
Capital Investment	\$1.5 Million	\$1.5 Million	N.A.
Recycling Center			
Transfer Station			
Estimated Present Capital Value of Solid Waste Facilities	\$1.5 Million	\$1.5 Million	
Less Credits for State Funding/Grants	% of Original Cost		
Value of Grants Received (\$5,000 for horizontal baler)	0.003		
Reimbursable Costs From State for Transfer Station Costs	0		
Net Local Capital Cost of Solid Waste Facilities	\$1,495,000	\$1,495,000	
Cost Per Ton To Serve Design Year Population		\$1,001	
Cost Per Capita To Serve Design Year Population		\$309	
CAPITAL COST PER DWELLING UNIT			
	Candia Persons Per Occupied Unit in 2000	2008 Capital Cost Per Unit	
Residential			
Single Family Detached	2.953	\$912.48	
2 + Family	2.652	\$819.47	
Manufactured Housing	1.692	\$522.83	

Source: Southern New Hampshire Planning Commission

Facility Cost Per Capita and Per Dwelling Unit:

The 2008 value of local capital investment in solid waste facilities shown in Table 2 (total cost less grant credit) is estimated at **\$1,495,000**. The year 2030 value of capital investment in solid waste facilities is estimated at **\$1,001 per ton** (net capital cost of \$1,495,000 divided by the year 2030 projected tonnage of 1,493), or an equivalent of **\$309 per capita** (2030 value of local capital investment divided by the year 2030 service population of 4,840).

When multiplied by the number of persons per household for occupied units in Candia, the average capital cost for solid waste facility investment per housing unit type is calculated as follows:

<u>Type of Dwelling Unit</u>	<u>Local Capital Cost Per Dwelling Unit</u>
Single Family Detached	\$912
2 + Family Dwellings	\$819
Manufactured Housing	\$523

Credits for Future Tax Payments:

The bonded debt service schedule for solid waste facilities (see Table 3) has been updated by shifting the debt service costs of 2008 into the “past payment” calculation. Years 2009 and beyond are now considered as “future payments” for the purpose of computing debt service credits on the portion of facility improvements not related to growth. The net present value (NPV) of the bonded debt required to provide facility capacity to existing users, at a discount rate of 4%, is the basis for the credit allowance.

Credits have also been adjusted to reflect an updated figure for the total taxable assessed valuation of the Town (as of January 2007). The revised credit allowance represents a net present value of **\$0.154** per thousand valuation.

The assigned average valuation for new housing units in Candia was obtained based upon information provided by the Town Planning and Tax Collector’s office. The number of new recently constructed single-family detached, multifamily and manufactured housing units in Candia was obtained from certificate of occupancy permit data. The assessed value of these recently constructed housing units was then obtained from the Town’s tax parcel data and a median assessed value was then determined. When applied to the estimated assessed valuation of newer housing units, the recommended credit amounts are as follows:

<u>Type of Dwelling Unit</u>	<u>Credit Per Unit</u>
Single Family Detached	\$31
2 + Family Dwellings	\$28
Manufactured Housing	\$26

Because vacant land has not contributed significant property taxes in the past toward the cost of solid waste facilities, these lands are not subject to this impact fee assessment. Therefore, there is no need to calculate a past payment credit for vacant land contributions to the cost of the town's solid waste facilities.

Impact Fee Assessment Schedule:

After deducting the credit allowance for future tax payments from the proportionate facility cost per unit, the net impact fee to be assessed to new development is:

<u>Type of Dwelling Unit</u>	<u>2009 Impact Fee Assessment Per Unit</u>
Single Family Detached	\$881
2 + Family Dwellings	\$791
Manufactured Housing	\$497

Should the Town of Candia decide to discount the fees below the maximum sustainable amounts as calculated above, it is recommended that this reduction not exceed twenty-five percent and that the reduction be applied to the fee for each type of unit, in order to preserve proportionality in the fee system.

<u>Type of Dwelling Unit</u>	<u>2009 Impact Fee Assessment Per Unit</u>	<u>25 Percent Fee Reduction</u>
Single Family Detached	\$881	\$661
2 + Family Dwellings	\$791	\$593
Manufactured Housing	\$497	\$373

This report and all documentation of the basis of this solid waste impact fee should be retained in the Town's files as part of its adopted methodology for calculation of impact fees. This impact fee is assessed for residential use of the town's recycling/transfer station only. Much of the commercial waste generated by businesses and industry in Candia are picked up by curbside haulers. This waste typically does not go through the town's transfer station, but goes directly to a landfill.

Table 3

IMPACT FEE CREDIT CALCULATION FOR SOLID WASTE FACILITIES AND NET IMPACT FEE

Initial Principal:	\$1,500,000	Interest Rate:	4.2800	Years:	10				
Year	Principal Balance	Principal Paid	Interest Paid	Total Payment	Less State Aid	Net Local Cost	Portion of Bond Attributable To Transfer Station Costs (100%)	Portion of Transfer Station Costs Attributable To Existing Need When Built (50%)	
Past Payments:									
Bond Premium	\$18,500			\$18,500		\$18,500	\$18,500	\$9,250	
2008	\$1,481,500	\$146,500	\$69,410.31	\$215,910.31	0	\$215,910.31	\$215,910.31	\$107,955	
Future Payments:									
2009	\$1,335,000	\$150,000	\$55,875	\$208,875	0	\$208,875	\$208,875	104,437	
2010	\$1,185,000	\$150,000	\$52,875	\$202,875	0	\$202,875	\$202,875	101,437	
2011	\$1,035,000	\$150,000	\$46,875	\$196,875	0	\$196,875	\$196,875	98,437	
2012	\$885,000	\$150,000	\$40,875	\$190,875	0	\$190,875	\$190,875	95,437	
2013	\$735,000	\$150,000	\$34,500	\$184,500	0	\$184,500	\$184,500	92,250	
2014	\$585,000	\$150,000	\$28,125	\$178,125	0	\$178,125	\$178,125	89,062	
2015	\$435,000	\$145,000	\$21,750	\$166,750	0	\$166,750	\$166,750	83,375	
2016	\$290,000	\$145,000	\$14,500	\$159,500	0	\$159,500	\$159,500	79,750	
2017	\$145,000	\$145,000	\$7,250	\$152,250	0	\$152,250	\$152,250	76,125	
TOTAL ALL PAYMENTS	\$1,500,000	\$1,481,500	\$375,035.31	\$1,856,535.31	0	\$1,856,535.31	\$1,856,535.31	\$937,515	
Present Value - Credit for Debt Service on Facilities Serving Existing Demand									
(Future Payments Only - Year 2008 and Beyond)									
Discount Rate					4.0%				
NPV of Remaining Attributable to Base Year Need					\$576,339				
Taxable Valuation of Town (2007)					\$373,763,176				
Credit Per Thousand Assessed					\$0.154				
						<u>Credit Schedule</u>	<u>Median Valuation</u>	<u>Solid Waste Debt Credit</u>	
						Single Family	\$202,200	\$31	
						2 + Family	\$185,650*	\$28	
						Manf.Housing	\$169,100	\$26	

*Note: Median valuation for 2 + Family dwelling was calculated by splitting the difference between single family and manufactured housing
 Source: Town of Candia and Southern New Hampshire Planning Commission

