



# *Impact Fee Quick Fact Sheet*

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## **What is an impact fee?**

An impact fee is a fee paid by new development to offset the estimated costs of public infrastructure improvements necessitated by growth. Impact fees are not intended to address existing infrastructure problems, only new problems that arise due to new development. In this case, the impact fees would help fund road and bridge infrastructure improvements within an established geographical area, known as the Impact Zone.

## **How is the impact fee amount determined?**

The basis for impact fee calculation is an engineering study that compares current traffic conditions against future conditions based on anticipated growth in a ten-year period within a specific study area, known as the Impact Zone. The process is briefly summarized below:

- 1) An analysis of existing traffic flow is performed to determine how the network currently functions. If there are deficiencies found in the current road network, cost estimates to address these deficiencies are developed in order to exclude these costs from the impact fee calculation.
- 2) Using adopted land use and zoning plans, specific locations that will likely be developed within the next ten years are identified. Anticipated development types are determined for each site, and the ITE Trip Generation Manual is used to estimate the number of trips to each site based on size and land use during a 24-hour period.
- 3) This additional traffic volume is added to the existing traffic analysis to identify infrastructure improvements needed due to the additional traffic generated by these developments. Cost estimates for these improvements are calculated for each affected road or intersection.
- 4) The total cost of these infrastructure improvements is divided by the total number of additional trips estimated in step 2, resulting in a per-trip impact fee amount.
- 5) When new development occurs, this per-trip amount is applied to the estimated number of trips for the specific type and size of development in order to calculate the total impact fee to be collected.

## **How are impact fees collected and used?**

Impact fees are collected during the permit application process. The impact fee is deposited into a special fund separated from other funding sources. The revenue in this fund can only be used for the improvements identified in the engineering study necessitated by new development. The Town and County have the flexibility to prioritize the improvements in the study to decide the order of construction based on where development actually occurs. Impact fees revenue may not be spent outside of the Impact Zone.

## **Does the impact fee replace a developer's required entrance improvements?**

No. Developers may still be required to construct site-specific improvements at entrances as required by other ordinances, such as passing blisters and turn lanes. The impact fee is intended to address the impact that traffic to and from the site has on the overall road network, not just at or adjacent to the development site.

## **In what situations could the impact fee be modified?**

In the event that a development of a type or magnitude that differs significantly from the expectations of the study, the County or Town may ask an outside engineering firm to calculate a revised fee for that specific development. Additionally, a fee payer may request an appeal of the calculated impact fee amount through the three-person Impact Fee Review Board. Also, the study must be updated every five years to both account for actual development during that time period and estimate new development for the following ten year period, which may result in a revised impact fee calculation.