BERLIN MAYOR AND COUNCIL
PLANNING COMMISSION
Meeting Agenda

Worcester County Library – Berlin Branch
13 Harrison Ave., Berlin, MD 21811

Monday, November 23, 2026

5:00 PM WORK SESSION – Berlin Library

1. **5:05 PM** **CALL TO ORDER:** Mayor Zack Tyndall
2. **5:10 PM** **INTRODUCTION(S):** Mayor Zack Tyndall
3. **5:15 PM** **DISCUSSION:** Review of Impact Fee Study performed by the Business Economic and Community Network (BEACON) at Salisbury University – BEACON Executive Director John Hickman & Associate Director Jessica Iacona
4. **5:45 PM** **COMMENTS FROM THE PLANNING COMMISSION**
5. **5:50 PM** **COMMENTS FROM THE COUNCIL**
6. **5:55 PM** **COMMENTS FROM THE MAYOR**
7. **6:00 PM** **ADJOURNMENT**

To access the Meeting via Facebook, please click the blue Facebook icon at the top of any page on www.berlinmd.gov, or type @townofberlinmd in the Facebook search bar. QR code links to online packet and Strategic Plan. Anyone having questions about the meetings mentioned above or needing special accommodations should contact Town Administrator Mary Bohlen at (410) 641-2770. Written materials in alternate formats for persons with disabilities are made available upon request. TTY users dial 7-1-1 in the State of Maryland/outside Maryland dial 1-800-735-2258.

Town of Berlin Development Impact Fee Study

October 2026

Written by the BEACON Staff and Dr. Leonard Arvi

Prepared by:

BEACON
Business Economic and Community Outreach Network
At Salisbury University

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Executive Summary

BEACON was engaged in April 2026 to review Berlin's development impact fees, compare them with peer jurisdictions, and recommend a fee structure for the next three years, with a cost allocation plan and expenditure policy. Water, sewer, electric and stormwater fees, tax rates and other utility charges are outside the scope.

Berlin can defensibly charge up to about $6,720 per single-family home, more than three times today's flat $2,000. We recommend a staged level of $4,350 for single-family homes and category-based commercial fees, subject to the open data items in section 10.

The current schedule is a flat $2,000 per dwelling unit and $1.00 per square foot of commercial space. It brought in $792,338 from 114 fees between 2019 and April 2026, but only $23,919 in 2024 and 2025 combined. The Town has never updated these fees since they were added to the Town Code in 2005 (Code 1977, § 42-4; Ord. No. 2005-11, 11-28-2005).[1]

This draft applies the incremental-expansion method used in the Anne Arundel County study[2] to Berlin's own General Fund asset register. It measures the capital already invested per resident in police, streets and sidewalks, public works and Town facilities, parks, and a provisional Fire/EMS component, then converts that to a fee per new home or per 1,000 square feet of commercial space.

Development type	Current	Maximum supportable	Recommended (Scenario B)
Single-family home	$2,000	$6,721	$4,350
Multi-family unit	$2,000	$4,705	$3,050
Retail, restaurant, services (per sq. ft.)	$1.00	$8.10	$2.85
Office and medical (per sq. ft.)	$1.00	$3.12	$1.10
Light industrial (per sq. ft.)	$1.00	$1.40	$0.50
Warehouse and self-storage (per sq. ft.)	$1.00	$0.42	$0.15
Lodging (per room) (prior treated as commercial per sq. ft.)	Prior $1 / sq. ft.	$2,302	$805

At the recommended level and the town's 2019 to 2025 average pace of building, annual collections would be about $182,000, against $113,000 at the current fee. In a slow year like 2024 or 2025 they would be about $19,000; in an active year, about $248,000.

[1] *Berlin, MD municode codification*. (2026). Town of Berlin. https://library.municode.com/md/berlin/codes/code_of_ordinances

[2] Griffin, B. (2023). *Development Impact Fee Study [County development impact fee study]*. Tischler Bise. https://www.aacounty.org/sites/default/files/2024-03/aaco-impact-fee-study_0.pdf

Council is asked to decide four things: the fee level (Scenario A, B or C), whether Fire/EMS is included once the Fire Company supplies its inventory, the waiver and deferral policy in section 9, and whether to adopt the annual index and three-year update cycle in section 10.

Two findings need attention now. The current $1.00 per square foot exceeds the supportable amount for warehouse and self-storage space ($0.42), so it cannot be defended under the rough-proportionality test.

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Background

BEACON was engaged in April 2026 to review Berlin's development impact fees, compare them with peer jurisdictions, and recommend a fee structure for the next three years, with a cost allocation plan and expenditure policy. Water, sewer, electric and stormwater fees, tax rates and other utility charges are outside the scope.

Berlin had 5,335 residents in 2025, up 5.8% from 5,026 in 2020. The 2020 Census counted 2,119 housing units; a 2026 Census Reporter profile shows 1,973, a discrepancy to reconcile before the final report. Building permits for new construction totaled 118 residential and 11 nonresidential between 2019 and 2025.

Berlin has charged impact fees since 2006: $2,000 per equivalent dwelling unit for all residential construction and $1.00 per square foot of commercial building. Fees are paid before the building permit is issued, and proceeds are to fund capital costs of public facilities and equipment needed to serve growth. The town provided the most recent collection data for 2019 through 2025 (town Fiscal Year)

Year	Fees collected	Single-family units	Multi-family units (approx.)	Commercial sq. ft.	Revenue
2019	10	6	48	15,747	$123,747
2020	45	39	84	13,380	$260,268
2021	9	5	72	6,816	$160,816
2022	7	4	34	25,492	$101,492
2023	35	33	0	54,096	$120,096
2024	3	1	4	2,919	$12,919
2025	4	3	0	5,000	$11,000
2026 (to Apr. 24)	1	1	0	0	$2,000

Collections depend on a handful of large projects. Multi-family and commercial counts are derived by dividing revenue by the fee rate, so they are approximate.

General Fund capital outlay ran from $284,554 in FY2020 to $2,377,285 in FY2025, averaging $844,181 a year. FY2025 included $1,080,387 of vehicles (a trash truck, four police Tahoe's, a backhoe, and a dump truck) and $548,462 of land. Impact fees at the current rate covered a small fraction of this. Stakeholder input pointed to the same pressure points: survey respondents ranked roads, police, parking and Fire/EMS as most affected by development and said equipment costs are rising faster than revenue.

The kickoff discussion set the ground rule that the fee covers one-time capital purchases, not operating costs or enterprise funds. Survey comments raised a second concern: that fee revenue sits in an account instead of addressing near-term needs such as sidewalks, trash collection and Fire/EMS coverage. The Proposed Policies section responds to both.

Methodology

BEACON used a multi-method approach to research and evaluate the Town of Berlin's existing impact fee structure. The analysis included benchmarking impact fees and development-related charges in comparable Maryland jurisdictions, reviewing Town financial and development data, conducting a stakeholder survey and key informant interviews, completing quantitative analysis, and examining relevant legal and policy requirements.

The detailed methodology in developing the proposed fees is in Appendix A.

National Guidance on Setting Impact Fees

National guidance identifies several methodologies for establishing impact fees. According to Deborah Galardi et al., three primary pricing approaches are commonly used:[3]

1. System Buy-In (or Reimbursement Fee) Approach

The System Buy-In Approach requires new users to contribute toward the value of existing public facilities and infrastructure that were funded through prior investments. Under this approach, the impact fee is based on the historical or existing cost of available public service capacity. The primary objective is to recover the cost associated with unused capacity in the existing system that becomes available to serve new development.

The basic calculation is:

Existing System Investment ÷ Existing System Demand = Cost per Unit of Demand

This approach is generally most applicable when an existing system has sufficient available capacity to accommodate additional growth without requiring substantial expansion.

2. Capacity Expansion (or Improvement Fee) Approach

The Capacity Expansion Approach is forward-looking and bases impact fees on the anticipated cost of future public facility or infrastructure improvements. Rather than reimbursing the jurisdiction for existing capacity, this approach is intended to fund the additional capacity necessary to accommodate demand generated by new development.

The basic calculation is:

Future Capacity Costs ÷ Growth Units to Be Provided = Cost per Unit of Growth

[3] Galardi, D. (2003). Development fee trends and Tucson case study. Galardi Consulting, LLC. https://www.impactfees.com/publications%20pdf/ImpactFeeTrends.pdf

Under this methodology, new development contributes toward improvements required to maintain the jurisdiction's established level of service as demand increases.

3. Combined Approach

The Combined Approach incorporates elements of both the System Buy-In and Capacity Expansion methodologies. It considers both the value of existing available capacity and the anticipated cost of future improvements needed to serve additional development.

Implementing this methodology requires an assessment of the existing system's capacity as well as an allocation of future improvement costs between existing and new users. This approach can therefore account for circumstances in which new development benefits from existing infrastructure while also creating demand for additional system capacity.

Marginal Cost Pricing

Vicki Been identifies an additional methodology, Marginal Cost Pricing, that aligns particularly well with the principles underlying the Nollan/Dolan standard.[4] Under this approach, the impact fee is designed to approximate the incremental cost of providing the next unit of public service. As a result, new development is charged for the additional cost of maintaining the predetermined level of service attributable to the demand it creates.

Marginal Cost Pricing recognizes that the cost of extending a public good or service to an additional user may differ from the average cost of serving existing users. By focusing on incremental costs, the methodology seeks to ensure that new development bears the costs directly associated with the additional demand it places on public facilities and services, rather than costs attributable to existing users.

Legal and Policy Information

Given the legal framework governing impact fees and the application of the Nollan/Dolan standard, Marginal Cost Pricing may provide a comparatively clear basis for demonstrating the relationship between a fee and the impacts attributable to new development. Because the fee is tied directly to the incremental costs associated with serving additional development, the methodology may make it easier to demonstrate that the amount assessed is proportionate to the development's anticipated impact.

The System Buy-In, Capacity Expansion, and Combined approaches may also satisfy applicable proportionality requirements when supported by reliable data, clearly defined assumptions, and sufficient evidence demonstrating the relationship between the fee imposed and the impacts generated by new development. Regardless of the methodology

[4] Been, V. (2005). *Impact fees and housing affordability.* Cityscape: A Journal of Policy Development and Research 8 (139). https://www.huduser.gov/periodicals/cityscpe/vol8num1/ch4.pdf

selected, the calculation should establish a defensible connection between the costs attributable to growth and the amount charged to new development.

Marginal Cost Pricing is particularly consistent with the concept of rough proportionality articulated in Dolan v. City of Tigard (1994), because it seeks to assign new development only those incremental costs associated with the additional demand it generates.[5] This direct relationship between new demand and the resulting public service costs can provide a transparent and defensible foundation for an impact fee methodology.

Considerations for Establishing Impact Fees

Two primary considerations should guide the Town of Berlin when evaluating changes to its existing impact fee policy: legality and effectiveness.

Legal Framework

Every fee in this draft is designed to pass two tests: an essential nexus between the fee and the impact of the development, and rough proportionality between the amount charged and that impact. This section records what shaped the design.

- **Sheetz v. County of El Dorado (2024)** applies the Nollan/Dolan tests to legislatively adopted impact fees, overruling the part of *Dabbs v. Anne Arundel County* (2018) that exempted them. A fee above the cost attributable to new growth is at risk.
- **Maryland HB 698 (2025)** requires a rational connection between the fee and the actual cost of the facilities the property will use. This is why the model caps every scenario at 100% of the calculated cost and documents each input.
- **Anne Arundel County v. 808 Bestgate Realty (2022)** shows the cost of vague credit rules: the County was forced to grant refund credits because its ordinance did not spell them out. Section 9 therefore defines credits, waivers and refunds in the ordinance itself.
- **Documentation** is the strongest defense. The model, this report, and the data behind them should be posted on the Town website, and the Town should keep the study current so that rates never drift from the cost record.

Expect the four standard developer objections (equity, exclusion of first-time buyers, double billing, and deterrence of growth). Berlin's small pipeline makes the deterrence argument the most likely, which is one reason the recommended scenario stops at 65% of the maximum for homes and 35% for commercial space.

Effectiveness

In addition to meeting applicable legal requirements, the Town's impact fee structure should effectively address the costs associated with growth. Fees should be sufficient to

[5] *Dolan v. City of Tigard, 512 U.S. 374 (1994)*. https://supreme.justia.com/cases/federal/us/512/374/

fund the portion of public facility and service costs attributable to new development while remaining proportionate to the impacts generated.

The methodology should also support the Town's ability to maintain its established levels of service as development increases demand for public facilities and services. This requires identifying the facilities and services affected by growth, estimating the additional costs associated with that demand, and determining an appropriate allocation of those costs to new development.

If the Town modifies how impact fee revenues are allocated, the ordinance should clearly identify the eligible uses of those funds and establish a transparent connection between the revenue collected and the growth-related costs being addressed. Together, these considerations can help ensure that the Town's impact fee policy is legally defensible, financially effective, and transparent to developers, residents, and other stakeholders.

Town of Berlin

The Town of Berlin has a population of approximately 5,335, as of July 1, 2025, up 5.8% from 5,026 in 2020, according to the United States Census Bureau.[6] The population consists of 67.4% who identify as White alone, 21.1% as Black or African American alone, 0.5% as Asian alone, and 10.6% as Two or More Races, according to this data. Hispanic or Latino people make up 4.0% of the population. As far as age, 4.1% of the population were under 5 years old, 26.8% were under 18 years old, and 17.3% were 65 or over, as of 2025. Females made up 58.4% of the population.[7]

There are 114 businesses and organizations, with 40 being restaurant and retail businesses, within the 21811 ZIP code.[8] Between 2020 and 2024, the civilian labor force was made up of 59.5% of the Town's population aged 16 years and older, and females constituted 55.3% of the workforce. In 2022, accommodation and food service sales totaled $29.469 (in thousands), and health care and social assistance revenues totaled $272,363 (in thousands).[9]

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[6] United States Census Bureau > Communications Directorate - Center for New Media and Promotion. "Population." (2025). QuickFacts: Berlin town, Maryland. Census Bureau QuickFacts; United States Census Bureau. https://www.census.gov/quickfacts/fact/table/berlintownmaryland/pst045225

[7] United States Census Bureau > Communications Directorate - Center for New Media and Promotion. "Age and Gender." (2025). QuickFacts: Berlin town, Maryland. Census Bureau QuickFacts; United States Census Bureau. https://www.census.gov/quickfacts/fact/table/berlintownmaryland/pst045225

[8] Berlin MD Chamber of Commerce. (2024, May 9). Berlin MD Chamber of Commerce. https://berlinchamber.org/business-directory/

[9] United States Census Bureau > Communications Directorate - Center for New Media and Promotion. "Economy." (2025). QuickFacts: Berlin town, Maryland. Census Bureau QuickFacts; United States Census Bureau. https://www.census.gov/quickfacts/fact/table/berlintownmaryland/pst045225

The median value of owner-occupied housing units during this period was $423,500, with the median monthly owner costs (with a mortgage) being $1,984. Without a mortgage, the median monthly owner costs amounted to $960. Median gross rent for this same period was $1,091. Median household income (in 2024 dollars) was $81,438, and 18.9% of the population lived in poverty.[10]

Impact Fees in Maryland

Impact fee revenues are closely associated with development activity and broader economic conditions and can fluctuate over time. According to the Maryland Department of Legislative Services, revenues from development impact fees and excise taxes declined significantly during the Great Recession before increasing as economic and development activity recovered.[11] Between 2010 and 2019, combined development impact fee and excise tax revenues among Maryland counties increased from $81.2 million to $201.2 million.

As of 2025, 16 of Maryland's 23 counties had legislation authorizing the collection of impact fees or excise taxes to help address the public infrastructure and service demands associated with new development. Of these counties, nine use impact fees and seven use excise taxes. These approaches vary by jurisdiction based on local authority, development patterns, infrastructure needs, and the specific public services being supported.

Impact Fees	Excise Taxes
Anne Arundel County	Calvert County
Baltimore County	Charles County
Caroline County	Dorchester
Carroll County	Prince George's County
Fredrick County	St. Mary's County
Harford County	Washington County
Queen Anne's County	
Montgomery County	
Talbot	

Impact fees are generally used to offset the additional costs of public infrastructure and services associated with new development. These fees are typically tied to the anticipated impact of development on specific public facilities or services. Excise taxes, by comparison, are generally established as legislatively imposed charges that may be assessed using a set rate or defined basis, such as per dwelling unit or square foot, to

[10] U.S. Census Bureau. "Housing." American Community Survey, ACS 5-Year Estimates Subject Tables, Table S0101, 2025.
[11] Department of Legislative Services. (2025). County Development Impact Fees and Excise Taxes in Maryland: Amounts and Revenues. Office of Policy Analysis, Maryland General Assembly.

support public infrastructure and related needs. An important legal distinction is that impact fees are subject to applicable constitutional requirements governing development exactions, including the principles established through the *Nollan/Dolan* line of cases, while excise taxes are generally treated differently under the law.

Across Maryland, counties use impact fee revenues to support a variety of public infrastructure and service needs. The specific uses vary by jurisdiction, as summarized below.

Public Services Funded Through Impact Fees in Maryland Counties

County	Public Services / Infrastructure Funded
Anne Arundel	Public Schools; Transportation; Public Safety
Caroline	Public Schools; Fire and Emergency Medical Services (EMS)
Carroll	Public Schools; Parks and Recreation
Frederick	Public Schools; Libraries
Harford	Public Schools
Queen Anne's	Parks and Recreation; Fire and EMS; Public Schools
Montgomery	Transportation; Public Schools
Talbot	Libraries; Parks and Recreation; Public Schools; Community College; General Government; Transportation

Public schools are the most common use of impact fee revenues among the counties reviewed, while transportation, public safety, fire and EMS, parks and recreation, libraries, and other governmental facilities are funded in certain jurisdictions based on local needs and enabling authority.

Lower Eastern Shore of Maryland Impact Fees:

At the county level, none of the counties on Maryland's Lower Eastern Shore currently impose impact fees. Wicomico County previously collected impact fees; however, the enabling legislation authorizing those fees was repealed in 2016.

Impact fee practices vary at the municipal level. Among the Lower Eastern Shore municipalities reviewed, five currently impose impact fees, while eight do not.[12]

Impact Fees	No Impact Fees
Crisfield	Hebron
Delmar	Fruitland
Ocean City	Mardela Springs
Pittsville	Pocomoke
Sharptown	Princess Anne
	Salisbury
	Snow Hill
	Willards

Impact fee revenues collected by Lower Eastern Shore municipalities are used to support a variety of public infrastructure and service needs, including water and sewer infrastructure, fire and emergency medical services (EMS), and capital improvements. In some jurisdictions, municipal codes or publicly available fee schedules do not specify the exact allocation of all impact fee revenues.

The structure and amount of impact fees also vary by municipality. In general, the Lower Eastern Shore municipalities reviewed use relatively straightforward fee structures for residential and commercial development. Fees may differ based on the type of development, number of residential units, or other measures established by the municipality.

For additional context, the Town of Easton, although located outside the Lower Eastern Shore comparison area, provides an example of a more detailed categorical approach. Easton establishes different impact fee rates based on the type and intensity of development, including separate rates for residential, commercial, office, industrial, institutional, medical, and hotel uses.[13]

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[12] Department of Legislative Services. (2025). County development impact fees and excise taxes in Maryland: Amounts and revenues. Office of Policy Analysis, Maryland General Assembly. https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2025-Impact-Fees-excise-taxes.pdf

[13] Town Council. *Resolution No. 6188 as amended*. (2024). Town of Easton. Introduced by Mr. Abbatiello. https://www.eastonmd.gov/DocumentCenter/View/2102/2024-2025-Fee-Schedule-Effective-July-1-2024-PDF?bidId=

Town of Easton Impact Fees

Development Category	Impact Fee
Residential - Single Family	$4,120 per unit
Residential - Multi-Family	$3,070 per unit
Retail/ Commercial	$2.48 per sq. ft.
Office	$1.49 per sq. ft.
Warehousing	$0.42 per sq. ft.
Industrial	$0.68 per sq. ft.
Institutional	$0.68 per sq. ft.
Medical	$2.33 per sq. ft.
Hotel	$0.97 per sq. ft.

Easton's structure illustrates how impact fees can be differentiated by development type rather than applying a uniform residential or commercial rate. This approach recognizes that different types of development may generate different demands on public infrastructure and services.

Other municipalities use more standardized fee structures rather than establishing separate rates across numerous development categories. For example, the Town of Ocean City assesses an impact fee of $827 per net new residential unit and $0.75 per net new square foot of commercial development.[14] Similarly, the Town of Delmar assesses a fee of $2,500 per equivalent dwelling unit (EDU) for new residential construction and $1.25 per square foot for new commercial construction within Town limits.[15]

The Town of Pittsville uses a different approach, establishing separate fees for water and sewer infrastructure. New development is assessed a $7,500 water impact fee and a $7,500 sewer impact fee**,** reflecting a fee structure tied directly to specific infrastructure systems.[16]

These examples demonstrate that impact fee structures vary considerably among municipalities based on local infrastructure needs, development patterns, and policy

[14] *Adopted fee schedule 2025*. (2025). Town of Ocean City. https://oceancitymd.gov/oc/wp-content/uploads/Adopted-Fees-for-Web.pdf
[15] *Town of Delmar, MD: Impact fees*. (2024). Town of Delmar, MD Code. https://ecode360.com/45857069
[16] *Town of Pittsville fee schedule, Effective July 1, 2025*. (2025). Town of Pittsville, Resolution #2025-04. https://pittsvillemd.gov/wp-content/uploads/2025/06/FY26-Fee-Schedule-ADOPTED.pdf

decisions. Some municipalities establish fees according to development type or intensity, while others apply standardized rates or assess fees for specific infrastructure systems.

The Town of Berlin currently uses separate residential and commercial impact fee categories, an approach generally similar in structure to Ocean City. Additional comparisons of municipal impact fee structures and rates are provided in Appendix D.

Comparison with Other Jurisdictions

Berlin's current single-family fee of $2,000 sits below the median of comparable Maryland towns ($2,509), and the recommended $4,350 would sit above their mean ($3,185). Worcester County itself charges no impact fee, and no lower-shore county does; Wicomico repealed its enabling law in 2016.

Town	County	Single-family	Multi-family	Commercial	Notes
Berlin (current)	Worcester	$2,000	$2,000	$1.00 / sq. ft.	Flat, no categories
Ocean City	Worcester	$827	$827	$0.75 / sq. ft.	Net new units; water/sewer capacity fees separate
Emmitsburg	Frederick	$1,200	$1,200	none	
Leonardtown	St. Mary's	$2,135	$2,135	none	Schools only
Delmar	Wicomico	$2,500	$2,500	$1.25 / sq. ft.	Town code says $1.25; project sheet says $1.00
Hampstead	Carroll	$2,518	$1,976	none	Townhouse $3,944
Denton	Caroline	$5,000	$5,000	none	County fee; $2,000 age-restricted
Crisfield	Somerset	$5,000	$5,000	$5,000 / unit	Public facilities
Thurmont (non-utility)	Frederick	$6,300	$6,300	per EDU	Roads, parks, public safety; $16,200 with water and sewer
Peer median		**$2,509**	**$2,318**		
Peer mean		**$3,185**	**$3,117**		

Fruitland ($9,800), Pittsville ($16,000) and Sharptown ($7,600) charge per EDU, but their fees are water and sewer capacity charges and are not comparable with a general-infrastructure fee, so they are excluded from the statistics. Berlin's water and sewer charges are outside this study, yet one survey respondent noted they are already very high, so the Council should weigh the combined cost of building in Berlin when choosing a scenario.

Only a few jurisdictions publish commercial rates. Talbot County charges $0.42 to $2.66 per square foot, Queen Anne's County $0.52 to $2.40, Easton $0.42 to $2.48 and Delmar

$1.25. The recommended retail rate of $2.85 is slightly above that range; office ($1.10), industrial ($0.50) and warehouse ($0.15) fall inside it.

County impact fees and excise taxes range widely: $1,600 to $3,533 in Carroll, $5,000 in Caroline, $7,989 to $10,000 in Harford, $5,424 to $22,950 in Anne Arundel, and $18,851 in Frederick. The full county chart is on the Comparables tab of the Excel model.

Maximum Supportable Fees

The maximum supportable fee for a single-family home is $6,721, of which $613 is the provisional Fire/EMS floor; without it the figure is $6,090. A multi-family unit is $4,705.

Component	Cost per resident	Single-family	Multi-family
Police	$604	$1,590	$1,113
Streets and transportation	$805	$2,117	$1,482
Public works and Town facilities	$363	$956	$669
Parks and recreation	$475	$1,249	$874
Fire/EMS (provisional)	$233	$613	$429
Administration and study (3%)		$196	$137
Maximum supportable		**$6,721**	**$4,705**

For commercial space, the residential-side cost works out to $560 per weekday vehicle trip (police $169, transportation $225, facilities $101, Fire/EMS $65). Multiplying by adjusted trips per unit gives:

Land use	Adjusted trips per 1,000 sq. ft.	Maximum fee per unit	Per sq. ft.
Retail, restaurant, services	14.06	$8,105	$8.10
Office and medical	5.42	$3,123	$3.12
Light industrial	2.44	$1,403	$1.40
Warehouse and self-storage	0.73	$418	$0.42
Lodging (per room)	4.00 per room	$2,302	N/A

The relative order matches the Anne Arundel result, where mercantile space carries by far the highest fee and warehousing the lowest. Restaurants are treated as retail; a separate restaurant category can be added if Council wants one.

What could move these numbers

- **Residential share.** Each 5-point change in the 71% residential share moves the single-family maximum by about $370. Berlin data on employment, visitors and second-home occupancy (101 seasonal units in 2020) would sharpen this.

- **Historical versus replacement cost.** Register costs are what the Town paid, some decades ago. Replacement cost would raise the fee, so the current figures are conservative.
- **Credits for outside funding.** Grants, bonds and speed-camera funds paid for part of these assets; at least $497,795 of FY2025 additions (a $239,359 playground grant and four Tahoe's at $64,609) were identified. Debt service on the planned Public Works facility will also need a credit. None of this is netted out yet, which is one reason the recommendation stops short of 100%.
- **Fire/EMS.** The provisional floor will change once the Fire Company supplies its apparatus inventory and service-area boundaries.

Proposed Fee Schedule and Revenue

We recommend Scenario B: 65% of the maximum for residential and 35% for nonresidential development, which yields $4,350 for a single-family home. Any recovery percentage up to 100% is legally supportable; the Council chooses where to set it.

Development type	Unit	Current	Scenario A (40% / 20%)	Scenario B, recommended (65% / 35%)	Scenario C (100%)
Single-family dwelling	unit	$2,000	$2,700	**$4,350**	$6,700
Multi-family dwelling	unit	$2,000	$1,900	**$3,050**	$4,700
Retail, restaurant, services	sq. ft.	$1.00	$1.60	**$2.85**	$8.10
Office and medical	sq. ft.	$1.00	$0.60	**$1.10**	$3.10
Light industrial	sq. ft.	$1.00	$0.30	**$0.50**	$1.40
Warehouse and self-storage	sq. ft.	$1.00	$0.10	**$0.15**	$0.40
Lodging	room	$1/sq. ft.	$460	**$805**	$2,300

Why nonresidential is set lower than residential in Scenario B: retail trips are heavily pass-by and diverted in a small tourist town, the survey and the Salisbury key-informant call both put residential impact above commercial, and peer commercial fees top out near $2.66. Scenario A keeps the single-family fee close to the regional median. Scenario C is the ceiling.

The fee applies to net new dwelling units and net new floor area only. Additions, renovations and replacement buildings pay only on the increase, as in Ocean City. Fees are rounded to the nearest $50 (residential), $0.05 per square foot or $5 per room.

How a single-family payment is divided among accounts (Scenario B)

Account	Amount
Streets and transportation	$1,370
Police	$1,029
Parks and recreation	$808
Public works and Town facilities	$619
Fire/EMS (held for the Fire Company, provisional)	$397
Administration and study	$127
Total	**$4,350**

Projected annual revenue. Volumes come from Berlin's own history: low is the 2024 and 2025 average, mid the 2019 to 2025 average, and high the 2019 to 2023 average.

Fee level	Low	Mid	High
Current fee	$11,960	$112,905	$153,284
Scenario A	$11,774	$112,369	$152,608
Scenario B, recommended	**$19,353**	**$182,467**	**$247,713**
Scenario C	$35,668	$307,200	$415,813

Mid-volume is 13 single-family homes, 35 multi-family units and 17,636 square feet of commercial space a year. Commercial revenue uses the simple average of the four square-foot categories because the mix of future projects is unknown. At Scenario B the mid case equals about 22% of the $844,181 average annual General Fund capital outlay, so impact fees will supplement, not replace, other capital funding.

Two cautions: Revenue depends on a few large projects and could round to nearly nothing in a slow year, so the Town should not budget against it. And the pipeline (Heron Park, Microtel, the Community Center) is not yet in the model; the Planning Department's forecast of expected units and square feet should replace the historical averages in the final report.

Cost Allocation Plan for General Fees and Administration

Impact fees pay for capital only; the staff time that reviews, calculates, collects, and reports them is recovered separately through general (cost-of-service) fees. The unit costs cannot be finalized yet because Town departments have not supplied time-and-activity data. The Excel model includes the calculation template and this section sets out the method.

Cost layers

- **Direct cost:** hours staff spend on the activity times a fully loaded hourly rate (wages plus benefits), plus contract engineering, legal and materials charged to it.
- **Indirect cost:** supervision, training, software, vehicles and supplies shared by the department, applied as a percentage of direct cost.
- **Overhead:** the share of finance, HR, IT, insurance, Town Hall occupancy and executive time that supports the department, allocated from the central pool.
- **Full cost per unit** = (direct + indirect + overhead) / annual volume of that activity.

Cost pools available today. Audited FY2025 General Fund expenditures were Public Safety $3,177,386, Public Works $1,197,382, Planning and Economic Development $533,201 and Recreation and Parks $63,062. The three-year moving-average forecast for FY2026 is $3,074,095, $1,208,493, $562,492 and $68,403. Finance still owes the split of each department's spending between capital and operating, which is needed to keep capital out of the operating pools.

Candidate general fees and recommended cost-recovery targets

Fee	Who performs it	Target recovery	Basis
Impact fee calculation and applicability review	Planning and Zoning	100%	Private benefit to the applicant
Site plan, subdivision and rezoning review	Planning and Zoning, Planning Commission	100% of staff time; outside engineering passed through	Private benefit
Impact fee credit, waiver or deferral application	Planning, Finance, Town Attorney	100%	Case-by-case work
Impact fee program administration and annual report	Finance	Included in the 3% add-on	Recovers study and reporting cost
Affordable, historic or public-benefit projects	Any	Council may subsidize	Public benefit; subsidy shown as a budget line

The impact fee study cost $33,593 in FY2025, about $17 per existing dwelling unit. The 3% administration recovery in the fee is a placeholder at about $196 per single-family home; if the time study shows lower administrative cost, the Town should reduce it, because Sheetz requires the fee to track actual cost.

Staff-time data will be gathered with the activity-reporting tool and interview guides in the appendix. Until then, no general fee changes are recommended.

Proposed Policies

These recommendations draw on the ordinances of Delmar, Fruitland, Crisfield and Ocean City, the Anne Arundel study and the lessons of the Bestgate case. They should be written into the ordinance, not left to practice.

Expenditure policy

1. Fee revenue is deposited in separate interest-bearing accounts for police, streets and transportation, public works and facilities, parks, Fire/EMS, and administration, using the shares in section 7. Interest stays in the same account.
2. Money may be spent only on capital facilities and equipment (land, construction, vehicles, and apparatus with a useful life of at least five years) that add capacity for growth. No operating, maintenance, or replacement of existing assets.
3. Each expenditure must appear in the Town's capital improvement plan and be approved by Council with a short nexus note saying how the item serves new development.
4. Money should be committed within six years and must be spent or encumbered within ten, using first-in first-out tracking. Balances above two years of collections in any account trigger a Council review.
5. Finance publishes an annual report of fees assessed, collected, waived, deferred, spent, and balances by account, and posts it with this study on the Town website.
6. Fire/EMS money is passed to the Berlin Volunteer Fire Company only under a written agreement limiting it to apparatus and equipment identified in the study.

Collection and timing

- The fee is calculated when the building permit application is filed and paid before the permit is issued. The rate in effect on the application date applies for 12 months.
- Applicants may defer up to half the fee to the certificate of occupancy or 12 months, whichever comes first, secured by a lien on the property, as in Delmar's collection rule and Ocean City's 50/50 schedule. Unpaid fees carry the priority and interest of real property taxes.
- Fees apply to net new units and floor area. A change in use that increases demand pays the difference between the new and old category.

Waivers, subsidies and credits

- Council may waive or reduce a fee by resolution after a public hearing, only for affordable ownership or rental housing under a recorded income restriction, rehabilitation of blighted or vacant property, preservation of historic property, or hardship not caused by the owner. These criteria follow Crisfield's ordinance.

- Every waived dollar is repaid to the impact fee account from the General Fund or another eligible source, so growth-related capital is not shortchanged. The waiver appears as a line in the annual budget and the annual report.
- The Fire/EMS component is not waived for age-restricted housing, since the key-informant call indicates it generates more, not less, demand.
- A developer who builds a capital improvement listed in the capital plan may earn a credit, if an agreement is signed before the permit that fixes the cost, schedule, and city standards, as in Fruitland's ordinance. Credits are limited to the fee for that category, may be used only on the same site and ownership, are never paid as cash, and are not granted for on-site facilities the code already requires.

Refunds. A fee not spent or encumbered within ten years is refunded with interest on written petition, and a fee is adjusted or refunded when a project is reduced before completion. Refund claims must be made within one year of the triggering event, with an appeal to Council.

Who does what

Responsible Party	Key Responsibilities
Planning and Zoning	Classify the project, confirm net new units or square feet, calculate the fee
Permit staff	Hold the permit until the fee is paid or deferral is documented
Finance	Collect and record payments, maintain separate accounts, apply the annual index, produce the annual report, process refunds
Public Works, Police, Parks, Town Administrator	Identify eligible projects, certify the growth nexus, keep the capital improvement plan current
Fire Company, Town Administrator	Submit the apparatus plan and manage the pass-through agreement
Town Attorney	Draft the ordinance, credit and deferral agreements and liens
Mayor and Council	Adopt and amend fees, approve waivers, review the annual report
Planning and Zoning with Finance	Update the study every three years and maintain the Excel tool

Adjustment Cycle, Open Data Items, and Next Steps

Adjustment cycle. Adjust fees every three years on July 1 by a construction cost index (ENR Construction Cost Index, or the BLS producer price index for nonresidential building construction), set by ordinance with a stated cap so that each change is mechanical and documented. Re-run the full study every three years to match the fee period, and no later than five, the outer limit the Anne Arundel study calls generally accepted practice. Trigger

an earlier update if a major project such as the Public Works facility, a new fire station, or an annexation changes the capital plan. The Excel model's Tracker tab applies the index and rounds the schedule automatically.

Open items that may change the numbers

Item	Needed from	Effect
Fire Company apparatus inventory, replacement schedule, service area, answers to the equipment questions	Berlin Volunteer Fire Company	Replaces the one-engine, one-ambulance floor; could raise or lower the $613 component
Capital versus operating split of each department's spending	Finance	Confirms the pools and the cost allocation tab
Debt schedules, grant and Highway User Revenue funding of listed assets	Finance, Public Works	Credits that reduce the maximum
Employment, visitor and seasonal-occupancy data	Planning, Chamber of Commerce	Replaces the borrowed 71% residential share
Expected units and square feet for Heron Park, Microtel, the Community Center and other projects	Planning	Replaces historical averages in revenue projections
Staff time and activity logs	All departments	Cost allocation plan and general fees
Multi-family and 55-and-over unit mix	Planning	Confirms the 0.70 factor

Interview and survey evidence is thin, so results are used as context, not as a basis for any fee.

Next steps

1. Circulate this draft to the Mayor and Council and collect feedback on the scenario and on the policies in section 9.
2. Obtain the open items above and re-run the model.
3. Incorporate feedback into the Council presentation and prepare the final report for a vote, with recommended adjustment schedules.
4. After ratification, deliver the finalized Excel adjustment tool and an accessible version of the final report for the Town website, with copies of the materials used.

BEACON has included an Excel spreadsheet which can be used to evaluate the current impact fees, related development costs, and anticipated new rates. The town has targeted

a three-year evaluation cycle. This period will allow a sufficient window of activity from both developers and town expenditures. At the end of each three-year cycle, the town should use the tool to review the activity of the three prior fiscal years. If there appears to be a deficit in collections relative to investments, or a surplus, the Mayor and Council will be presented with a report suggesting new rates and the basis for adjustment.

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Appendix A: Detailed Methodology

The fee is the capital Berlin has already invested per unit of demand, applied to each new unit of growth. This follows the incremental-expansion and cost-recovery methods in the Anne Arundel study: new development receives the same level of service existing residents have, and pays for the capacity it uses.

Steps

1. **Service area and categories.** One Town-wide district with five components: police, streets and transportation, public works and Town facilities, parks and recreation, and Fire/EMS. Water, sewer, electric, and stormwater are excluded.
2. **Existing investment.** Original cost of General Fund assets from the Town's fixed-asset (tax depreciation) register at June 30, 2025, sorted into the five categories.
3. **Proportionate share.** Costs are split between residents and nonresidential users. Anne Arundel used the 2020 Census functional-population split of 71% residential and 29% nonresidential; we use the same 71% for now because Berlin has no comparable employment and visitor count. Parks are 100% residential, as in Anne Arundel.
4. **Service units.** Residential demand is 5,335 residents at 2.63 persons per household (2020 Census: 5,026 residents in 1,910 occupied homes), or about 2,027 equivalent dwelling units. A multi-family unit counts as 0.70 of a single-family home, from the ratio of trip generation (6.74 to 9.43) and persons per unit in the Anne Arundel data.
5. **Nonresidential demand.** Commercial space is converted to weekday vehicle trips using the ITE rates in the Anne Arundel study, with pass-by and diverted-trip adjustments of 0.38 for retail and 0.50 for other uses. Each commercial trip is charged the same cost as a residential trip, so the fee scales with actual traffic and service demand.
6. **Administration.** A 3% add-on recovers the study and program administration cost, pending a staff time study.

Existing capital by category

Component	What it includes	Asset cost	Residential share
Police	Police building (2018), vehicles, radios, cameras, equipment	$4,540,164	71%
Streets and transportation	Streets department assets plus public works road, sidewalk and street-light infrastructure	$6,045,994	71%
Public works and Town facilities	Public works and sanitation fleet, buildings and grounds, public works land	$2,729,987	71%
Parks and recreation	Park land, courts, playgrounds, restrooms, equipment	$2,532,090	100%
Fire/EMS (provisional)	One engine ($1.15M) and one ambulance ($0.6M)	$1,750,000	71%
Total included		**$17,598,234**	

Excluded are $79.0 million in enterprise fund assets and about $5.2 million of General Fund administration, finance, and planning assets, most of it land held for redevelopment (the Tyson property, the Community Center site and Heron Park) that does not deliver a growth-driven level of service.

Fire/EMS. The Berlin Volunteer Fire Company's answers to the equipment questions are not yet in the file. As a placeholder the model uses the cost ranges from the Salisbury key-informant call (engine $1.0 to $1.3 million, ambulance about $600,000, 12- to 20-year life) and assumes only one engine and one ambulance, which understates the true inventory. The same call suggested that age-restricted 55-and-over housing generates more fire and EMS demand than younger households, and that downtown areas near existing stations add little demand; the Fire Company should confirm whether either applies in Berlin.

Appendix B: Lower Shore Municipal Impact Fees

Town	Residential	Res-Fee Amount	Commercial	Comm-Fee Amount
Crisfield[17]	Single, Multifamily	$5,000 Per New Unit	General	$5,000 Per Unit*
Delmar[18]	Single, Multifamily	$2,500 Per EDU	Commercial Construction	$1 Per Sq. Ft.
Ocean City[19]	Single, Multifamily	$827 Per Net New Unit	Commercial General Infrastructure	$0.75 Per Sq. Ft.
Pittsville[20]	Single, Multifamily	$16,000 Per EDU	Commercial Utility	$16,000 Per EDU**
Sharptown[21]	Single, Multifamily	$7,600 Per EDU	General	$7,600 Per EDU***

*-Per EDU is used for development outside town limits.

**-Per EDU measure is available by contacting the Town

***-Fee rates are only available by contacting the Town

[17] City of Crisfield, Maryland. (2024, June 5). *Chapter 45: Fees*. *City of Crisfield Code*. eCode360. https://ecode360.com/11781142

[18] Town of Delmar, Maryland. (n.d.). *Article III: User charges*. *Town of Delmar Code*. eCode360. https://ecode360.com/36490984

[19] Town of Ocean City, Maryland. (n.d.). *Permit fee schedule* [PDF]. https://oceancitymd.gov/pdf/PermitFeeSchedule.pdf

[20] Town of Pittsville, Maryland. (2025). *FY26 fee schedule* [PDF]. https://pittsvillemd.gov/wp-content/uploads/2025/06/FY26-Fee-Schedule-ADOPTED.pdf

[21] Sewer and Water Impact Fee, Ordinance No. 41. (1990). Town of Sharptown. https://townofsharptown.org/wp-content/uploads/2021/12/Water_Impact_Fee_Ord_41.67104642.pdf

Appendix C: Maryland County Impact Fees 2025

County[22]	Residential	Fee Amount	Commercial	Fee Amount	Notes
Anne Arundel	Single-family, multi-family	$5,424-$22,950	Amusement, Hotel/Motel, Industrial, Mini-Warehouse, etc.	$1,062-$10,485	Residential Fee is issued based on certain square foot thresholds; see Impact Fee Data Updated Excel Sheet for fee breakdown. Some categories of commercial fees are measured differently; see Impact Fee Data
Baltimore County	Single-family	$6 Per Sq. Ft	N/A	N/A	There is a single-family detached, single-family attached,
Caroline	Single-family, multi-family	$5,000 Per Unit	N/A	N/A	There is an age restriction (55 and over) in dwellings of $2,000.
Carroll	Single-family, multi-family	$1,600-$3,533	N/A	N/A	The multi-family residential is $1,600 per unit and single-family residential is $3,533 per unit; note there is also a fee of $3,944 for townhouse development and $1,998 for mobile home development.
Frederick	Single-family only	$18,851 Per Unit	N/A	N/A	Single-family detached residential fee only.
Harford	Single-family, multi-family	$7,989-$10,000	N/A	N/A	Single-family residential is $10,000 per unit, and multi-family residential is $7,989 per unit.
Montgomery	Single-family, multi-family	$1,755-$30,190	Low Rise, High Rise, Senior Residential	$1,755-$26,084	This is a range of what the residential or commercial fee could be depending on policy area and type of residential or commercial development (detached, attached, high rise, low rise, etc.).
Queen Anne's	Single-family, multi-family	$5.85 Per Sq. Ft.	Commercial/Shop Ctr, Office, Business Park, Light Industrial, Warehousing, etc	$0.52-$2.40 Per Sq. Ft.	This fee is for both single-family and multi-family developments; Commercial fee depends on type of commercial development.
Talbot	Single-family, multi-family	$5,616-$9,091 Per Unit	Retail, Office, Warehousing, Industrial, etc.	$0.42-$2.66 Per Sq. Ft	Commercial impact fee applies to these developments: Retail, Office, Warehousing, Industrial, Institutional, Medical and Hotel.

[22] Department of Legislative Services. (2025). *County development impact fees and excise taxes in Maryland: Amounts and revenues*. Office of Policy Analysis, Maryland General Assembly. https://mgaleg.maryland.gov/Pubs/BudgetFiscal/2025-Impact-Fees-excise-taxes.pdf

Appendix D: Consolidated Town Comparison

Town	County	Residential	Single-Family	Multi-Family	Commercial	Comm-Fee Amount
Denton[23]	Caroline	Single-family, multi-family	$5,000 Per Dwelling Unit	$5,000 Per Dwelling*	N/A	N/A
Hampstead[24]	Carroll	Single-family, multi-family	$2,518 Per Dwelling	$1,976 Per Dwelling**	N/A	N/A
Ocean City[25]	Worcester	Single-family, multi-family	$827 Per Net New Unit	$827 Per Net New Unit	General Infrastructure	$0.75 Per Square Foot
Emmitsburg[26]	Fredrick	Single-family, multi-family	$1,200 Per Dwelling Unit	$1,200 Per Dwelling Unit	N/A	N/A
Thurmont[27]	Fredrick	Single-family, multi-family	$16,200 Per EDU	$16,200 Per EDU	General Infrastructure	$16,200 Per Dwelling
Leonardtown[28]	St. Mary's	Single-family, multi-family	$2,135 Per New Home	$2,135 Per New Home***	N/A	N/A
Crisfield[29]	Somerset	Single-family, multi-family	$5,000 Per Unit	$5,000 Per Unit	Commercial Impact Fee	$5,000 per sq.ft
Delmar[30]	Wicomico	Single-family, multi-family	$2,500 Per EDU	$2,500 Per EDU	Construction	$1 per sq.ft.
Berlin, MD[31]	Worcester	Single-family, multi-family	$2,000 Per Dwelling Unit	$2,000 Per Dwelling Unit	Commercial Impact Fee	$1 per sq.ft.

*There is an age-restricted (55 and over) dwelling impact fee of $2,000 per unit (for fire protection and emergency medical); Only fees levied at the county level.

**Town also has a townhouse fee of $3,944 and a mobile home fee of $1,998.

***Levied on new residential developments for public school costs; does not apply to 55 and over housing

[23] Caroline County, Maryland. (2023). *FY2024 department fee schedule* [PDF]. https://www.carolinecounty.org/DocumentCenter/View/220/63_Department-Fee-Schedule

[24] Hampstead, Maryland. (2012, June 12). *Appendix A* [PDF]. eCode360. https://ecode360.com/attachment/319178/HA1081-134a%20Appendix%20A.pdf

[25] Town of Ocean City, Maryland. (2015, September 10). *Building and development fees* [PDF]. https://oceancitymd.gov/pdf/PermitSchedule.pdf

[26] Town of Emmitsburg, Maryland. (n.d.). *Title 3: Revenue and finance, Chapter 3.08: Impact fees*. *Municipal code*. https://www.emmitsburg.net/towngov/regulations/title_3.htm#Chapter%203.08:%20IMPACT%20FEES

[27] Town of Thurmont, Maryland. (2026, March 18). *Application for water & wastewater connection fees & impact fees* [PDF]. https://www.thurmont.com/DocumentCenter/View/3357/Water-Sewer-Impact-Fee-Application-Effective-3-18-2026

[28] Town of Leonardtown, Maryland. (2026, June). *Fair summary of Ordinance No. 234*. *Leonardtown Maryland News*. https://news.leonardtown.somd.com/2026/06/?m=0

[29] Town of Crisfield, Maryland. (2024, June 5). *Chapter 45: Fees*. *Town of Crisfield Code*. eCode360. https://ecode360.com/11781180

[30] Town of Delmar, Maryland. (n.d.). *Article III: User charges*. *Town of Delmar Code*. eCode360. https://ecode360.com/36490984

[31] Town of Berlin, Maryland. (2025, March 10). *Town of Berlin planning and general fee schedule* [PDF]. https://media.berlinmd.gov/wp-content/uploads/2019/03/17161710/Fee-Revisions-As-approved-FY24-amended-03.10.25.pdf

Appendix E: Other Lower Shore Municipal (Town) Codes on Impact Fees

Town of Crisfield

Ordinance/Code: City of Crisfield Code, Chapter 45 – Fees, § 45-4, Public Facilities Impact Fees[32]
Type of Fee: Public Facilities Impact Fee
Applicable Development: Residential and Nonresidential Development
Established Fee: $5,000 per unit

Impact Fee Purpose

The City of Crisfield imposes a public facilities impact fee to help offset the additional capital costs associated with increased demand for public facilities and services resulting from residential and nonresidential development. The City's ordinance specifies that fees should fund new or expanded capital improvements that reasonably benefit the developments paying the fees and should not require new development to pay more than its proportionate share of costs.

Fee Structure

Component	Crisfield Requirement
Impact Fee	$5,000 per unit
Applicable Development	Residential and nonresidential development
Unit Definition	A dwelling unit or business unit
Payment Timing	Due when the City approves issuance of a building permit
Geographic Applicability	Development within the City and development on land annexed into the City
Fee Adjustment	Fee schedule may be amended by ordinance
Fund Management	Revenues must be maintained in a separate interest-bearing, fully insured account
Permitted Use	Improvements and expansions to City public facilities

[32] Source: City of Crisfield, MD Code, Chapter 45 – Fees, § 45-4, Public Facilities Impact Fees. https://ecode360.com/11781142#11781143

Public Facilities Eligible for Impact Fee Funding

Under § 45-4, public facilities eligible for impact fee funding include:

- Water supply, treatment, and distribution facilities;
- Stormwater, drainage, and flood control facilities;
- Wastewater collection and treatment facilities;
- Municipal power facilities;
- Roadway facilities;
- Parks and recreational facilities; and
- Public safety facilities, including police, fire, and waste collection and disposal.

Fee Adjustments and Exceptions

The City may vary the amount or method used to calculate an impact fee in connection with an annexation ordinance. The City Council may also modify the fee for other development following a public hearing when specified conditions are met.

Consideration may be given to developments that advance important public policy, urban renewal, or planning objectives, including:

- Affordable homeownership;
- Affordable rental housing;
- Housing for older adults;
- Rehabilitation or redevelopment of abandoned or deteriorated property; and
- Preservation of historically or architecturally significant property.

Adjustments may also be considered when imposition of the fee would create an undue hardship that is distinctive to the property or property owner and was not caused or worsened by the owner.

Review Requirements

The Mayor and Council are required to periodically review the condition and needs of the City's public facilities, the adequacy and equity of the impact fees being charged, and the financial effects of those fees.

Town of Delmar

Ordinance/Code: Town of Delmar Code, Chapter 405 – Fees, Charges, and Contributions, Article IV – Impact Fees[33]
Type of Fee: Impact Fee
Applicable Development: New Residential and Commercial Development
Residential Fee: $2,500 per Equivalent Dwelling Unit (EDU)
Commercial Fee: $1.25 per square foot

Impact Fee Purpose

The Town of Delmar imposes impact fees to help finance capital improvements required to accommodate or benefit new growth, construction, and development. The Town's ordinance establishes the principle that new development should pay a proportionate share of the capital costs associated with the additional demand it places on public facilities and services. Impact fees may not exceed the cost of capital improvements for which the need is reasonably attributable to the development or newly annexed area paying the fee. Revenues must be used for new or expanded capital improvements that reasonably benefit the development or annexed area from which the fees were collected.

Fee Structure

Component	Delmar Requirement
Residential Impact Fee	$2,500 per Equivalent Dwelling Unit (EDU)
Commercial Impact Fee	$1.25 per square foot
Applicable Development	New residential and commercial construction requiring a building permit
Geographic Applicability	Development within Town limits and applicable newly annexed areas
Payment Timing	Prior to issuance of a building permit
Fee Determination	Amount is established as of the building permit application date
Fee Adjustment	Mayor and Council/Commission may modify the fee by resolution following a public hearing
Fund Management	Impact fee revenues must be maintained in separate accounts
Unpaid Fees	May become a lien against the applicable real property

[33] Source: Town of Delmar, MD: Impact Fees. (2024). Town of Delmar, MD Code. https://ecode360.com/45857069

Public Facilities Eligible for Impact Fee Funding

Delmar defines capital improvements eligible for impact fee funding to include:

- Parks and recreational facilities;
- Water treatment and distribution facilities;
- Public safety facilities;
- Public works facilities; and
- Other facilities for which costs may be substantially attributed to new development.

Eligible capital costs may include land acquisition, construction, improvements, equipment, installation, and associated administrative, legal, planning, and engineering expenses.

Applicability and Assessment

Delmar's impact fee requirements apply uniformly to applicable development occurring within the Town or areas annexed into the Town. Development with the same impact on capital facilities is intended to be assessed consistently.

The ordinance also provides for impact fees on certain previously developed properties when they are annexed into the Town. The applicable annexation resolution may establish the timing and conditions for payment.

Use and Administration of Funds

Impact fee revenues must be used solely to finance, in whole or in part, the capital costs of public facilities, services, improvements, and equipment needed to accommodate or benefit growth and development.

The Town is required to establish separate accounts and maintain records that allow collected impact fee revenues to be segregated. Payment of an impact fee does not replace a developer's responsibility to finance required on-site or off-site improvements or satisfy other applicable Town fees, assessments, land conveyances, or development requirements.

Town of Ocean City

Ordinance/Code: Town of Ocean City Code, Chapter 10 – Buildings and Building Regulations, Article VIII – Impact Fees[34]
Type of Fee: Infrastructure Impact Fee
Applicable Development: New Residential and Commercial Development
Residential Infrastructure Fee: $827 per net new unit
Commercial Infrastructure Fee: $0.75 per net new square foot
Additional water and sewer capacity fees apply pursuant to the Town's established fee schedule.

Impact Fee Purpose

The Town of Ocean City imposes impact fees to help offset the capital costs associated with providing infrastructure needed to accommodate new growth. The Town's ordinance establishes that infrastructure required to support current and future growth should be funded, at least in part, through fees imposed on new development.

Fee Structure

Ocean City's impact fee structure consists of three components for both residential and commercial development: a water capacity fee, sewer capacity fee, and other municipal infrastructure fee. The Mayor and City Council establish applicable fee amounts by resolution.

Component	Ocean City Requirement
Residential Municipal Infrastructure Fee	$827 per net new residential unit
Commercial Municipal Infrastructure Fee	$0.75 per net new square foot
Additional Components	Water Capacity Fee and Sewer Capacity Fee
Applicable Development	New residential and commercial development, including qualifying replacement development
Residential Assessment Basis	Net new residential units
Commercial Assessment Basis	Net new square footage
Fee Establishment	Mayor and City Council establish fee amounts by resolution
Payment Timing – New Development	50% at building permit issuance; 50% at certificate of occupancy

[34] Municode Library. (2026). Municode.Com. https://library.municode.com/md/ocean_city/codes/code_of_ordinances?nodeid=ptiicoor_ch10bubure_artviiiimfe

Payment Timing – Other Permit Types	Full applicable impact fee due at building permit issuance

Applicability to New and Replacement Development

Ocean City defines new development to include new residential development, commercial development, or a combination of the two. The ordinance also addresses replacement development; however, impact fees apply only to the portion of the replacement project that represents an increase over the existing development.

For replacement development, an impact fee may therefore apply when there is an increase in:

- The number of residential units;
- The number of water and sewer fixtures; and/or
- The square footage of the development.

This approach generally limits the assessment to the net increase in development or infrastructure demand rather than applying the fee to the entirety of an existing development being replaced.

Infrastructure Supported by Impact Fees

Ocean City's impact fee framework identifies three primary components intended to address infrastructure needs associated with development:

- Water system capacity;
- Sewer system capacity; and
- Other municipal infrastructure.

For commercial development, the other municipal infrastructure component is calculated on a per-square-foot basis. Residential development is assessed according to the applicable residential fee structure established by the Town.

Payment and Administration

For new development, one-half of the applicable impact fee is collected when the building permit is issued, with the remaining one-half collected when the certificate of occupancy is issued. For other applicable building permit types, including alterations, the full impact fee is collected when the building permit is issued.

Town of Pittsville

Ordinance/Code: Town of Pittsville Zoning Ordinance No. 2022-04, § 21 – Fees and Costs
Type of Fee: Water and Sewer Impact Fees[35]
Applicable Development: Development subject to applicable Town permitting and fee requirements
Water Impact Fee: $7,500
Sewer Impact Fee: $7,500
Combined Water and Sewer Impact Fees: $15,000, when both apply

Fee Structure

Unlike municipalities that establish impact fee amounts directly within their municipal codes, Pittsville's Zoning Ordinance authorizes the Town to maintain a separate schedule of fees, charges, and expenses associated with development applications and approvals. The Town Commissioners may amend the fee schedule by resolution. Under the Town's current fee schedule, separate impact fees are established for water and sewer infrastructure.

Component	Pittsville Requirement
Water Impact Fee	$7,500
Sewer Impact Fee	$7,500
Combined Impact Fees	$15,000 when both water and sewer fees apply
Infrastructure Supported	Water and sewer
Fee Establishment	Established through the Town's fee schedule
Fee Modification	Town Commissioners may amend the fee schedule by resolution
Payment Requirement	Applicable fees, charges, and expenses must be paid before action is taken on an application or appeal

Administration of Development Fees

Section 21 of Pittsville's Zoning Ordinance authorizes the Town to establish fees and charges associated with zoning certificates, certificates of use or occupancy, building

[35] 2022-04 Zoning Ordinance. (2022). Town of Pittsville, Maryland. https://pittsvillemd.gov/wp-content/uploads/2022/05/2022-04-ZONING-ORDINANCE-FINAL.pdf

permits, zoning appeals and amendments, site plans, sign permits, and other matters governed by the ordinance.

The Town may also assess costs associated with professional consulting services required to review proposed development and improvement plans, including services provided by engineers, architects, landscape architects, land planners, or similar professionals.

All applicable fees, charges, and expenses must be paid in full before the Town takes action on an application or appeal.

Key Distinction

Pittsville's approach differs from the broader public facilities impact fee structures used by municipalities such as Crisfield and Delmar. Rather than identifying multiple categories of public facilities eligible for impact fee funding, Pittsville's current impact fees are specifically associated with water and sewer infrastructure.

Town of Sharptown

Ordinance/Code: Town of Sharptown Ordinance No. 41 – Sewer and Water Impact Fee Ordinance[36]
Type of Fee: Sewer and Water Impact Fees
Applicable Development: Residential, Commercial, and Industrial Development Requiring New or Additional Water and/or Sewer Capacity
Fee Amount: Determined by the Town based on applicable water and sewer capacity requirements

Impact Fee Purpose

The Town of Sharptown imposes water and sewer impact fees to help finance improvements and expansions necessary to provide sufficient system capacity for new and additional development. The ordinance establishes that property owners and developers generating additional demand for water or sewer capacity should contribute a portion of the costs associated with expanding those systems.

Impact fee revenues may support a proportionate share of improvements to the Town's water and sewer infrastructure, including water treatment and distribution facilities, sewage treatment facilities, and sewage collection systems.

Fee Structure

Component	Sharptown Requirement
Type of Fee	Water and Sewer Impact Fees
Applicable Development	Residential, commercial, and industrial
Trigger for Fee	Development requiring new or additional water and/or sewer capacity
Geographic Applicability	Applicable development within or outside Town limits receiving Town water and/or sewer capacity
Fee Calculation	Calculated by the Town based on applicable water and sewer capacity requirements
Calculation Timing	At subdivision approval, water/sewer allocation approval, or building permit request, whichever occurs first
Payment Timing	At final subdivision approval, water/sewer allocation approval, or building permit issuance, whichever occurs first

[36] Source: Sewer and Water Impact Fee, Ordinance No. 41. (1990). Town of Sharptown. https://townofsharptown.org/wp-content/uploads/2021/12/Water_Impact_Fee_Ord_41.67104642.pdf

Infrastructure Supported	Water and sewer system improvements and expansions
Annexed Properties	Subject to fees established through the annexation ordinance or, if not specified, pursuant to Ordinance No. 41

Infrastructure Supported by Impact Fees

Sharptown's impact fees are specifically intended to support the improvement and expansion of its water and sewer systems. Eligible infrastructure identified in the ordinance includes, but is not limited to:

- Water treatment facilities;
- Water distribution lines;
- Sewage treatment facilities; and
- Sewage collection lines.

The ordinance specifies that impact fees are intended to cover a proportionate share of construction costs associated with providing the additional water and sewer capacity required by development.

Assessment and Payment

The Town calculates applicable water and sewer impact fees at the earliest of three development milestones: subdivision approval, sewer and water allocation approval, or a request for a building permit. Payment is similarly required at the earliest applicable point: final subdivision approval, sewer and water allocation approval, or building permit issuance.

Properties annexed into Sharptown may be subject to water and sewer impact fees established as part of the annexation ordinance. When an annexation ordinance does not establish a separate fee, the impact fee requirements of Ordinance No. 41 apply.

Key Distinction

Sharptown's impact fee structure is **capacity- and infrastructure-specific**, focusing exclusively on water and sewer systems rather than funding a broader range of municipal facilities. The ordinance also applies to qualifying development **both within and outside the Town** when the development requires new or additional capacity from Sharptown's water or sewer systems.

Appendix F: Legal Background

Development impact fees are a commonly used mechanism for addressing the public infrastructure and facility costs associated with new development. According to the Federal Highway Administration (FHWA) Center for Innovative Finance Support, development impact fees differ from general taxes or special assessments because they are tied to the cost of constructing or expanding public facilities needed to accommodate demand generated by new development.[37]

Because development impact fees may constitute development exactions, their structure and administration must be considered within the context of the Takings Clause of the Fifth Amendment and applicable federal and state law. Of particular importance are the standards established through *Nollan v. California Coastal Commission* (1987) and *Dolan v. City of Tigard* (1994),[38] commonly referred to as the *Nollan/Dolan* standard.

Federal Legal Framework

The *Nollan/Dolan* framework establishes two related principles: essential nexus and rough proportionality. The essential nexus requirement considers whether there is a connection between a legitimate governmental interest and the condition imposed on development. Rough proportionality considers whether the nature and extent of the exaction are reasonably related to the impacts of the proposed development.

For development impact fees, these principles underscore the importance of establishing a clear relationship among the impacts generated by new development, the public facilities or infrastructure being funded, and the amount charged. A municipality considering an increase or modification to its impact fees should therefore be able to demonstrate how its methodology allocates growth-related costs to new development.

Sheetz v. County of El Dorado (2024)

The U.S. Supreme Court further clarified the application of these principles in *Sheetz v. County of El Dorado* (2024).[39] The Court held that legislatively imposed permit conditions are not categorically exempt from review under the Takings Clause simply because they are established through generally applicable legislation rather than imposed administratively on an individual property.

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[37] *FHWA - Center for Innovative Finance Support - Fact Sheets. (n.d.)*. Www.Fhwa.Dot.Gov. Retrieved July 12, 2026, from https://www.fhwa.dot.gov/ipd/fact_sheets/value_cap_development_impact_fees.aspx

[38] Dolan v. City of Tigard, 512 U.S. 374 (1994)

[39] The Sheetz decision and what it means for impact fees. (2025). Association of Bay Area Governments: Metropolitan Transportation Commission. https://abag.ca.gov/sites/default/files/documents/2026-03/The-Sheetz-Decision-and-What-It-Means-for-Impact-Fees-03-20-2026.pdf

This decision is significant for local governments because impact fee schedules are frequently established through ordinances that apply broadly to categories of development. Following *Sheetz*, the legislative nature of an impact fee does not, by itself, exempt the fee from constitutional scrutiny.

The Court did not determine whether the specific fee imposed in *Sheetz* satisfied the *Nollan/Dolan* requirements. Instead, the decision addressed whether legislatively imposed exactions could be categorically excluded from that analysis. Nevertheless, the case reinforces the importance of developing a transparent and supportable methodology that establishes the relationship between development impacts and the fees imposed to address those impacts.

For the Town of Berlin, any modification to its impact fee structure should therefore be supported by appropriate data and documentation demonstrating how the fee relates to additional public facility or infrastructure costs attributable to new development.

Maryland Legal Context

Maryland case law provides additional context for the administration and legal treatment of development impact fees.

Dabbs v. Anne Arundel County (2018)[40]

Prior to *Sheetz*, *Dabbs v. Anne Arundel County* (2018) addressed the application of *Nollan/Dolan* principles to generally applicable development impact fees in Maryland. The Maryland Court of Appeals concluded that the *Nollan/Dolan* analysis did not apply to the legislatively established impact fee ordinance at issue in the case.

The subsequent *Sheetz* decision rejected the broader proposition that legislatively imposed exactions are categorically exempt from *Nollan/Dolan* scrutiny. Consequently, municipalities should not rely solely on the fact that an impact fee was established through legislation or ordinance when evaluating its legal defensibility.

Maryland Legislation and Reporting Requirements

Maryland law also establishes requirements concerning development impact fees and their administration. In 2025, the Maryland General Assembly enacted HB 698/SB 814, *Local Government – Development Impact Fees, Surcharges, and Excise Taxes – Reporting*.[41] The legislation requires county governments to report specified information concerning the collection, use, and geographic application of development impact fees, surcharges, and excise taxes.

[40] Dabbs v. Anne Arundel County, 458 Md. 331, 182 A.3d 798 (2018).
[41] Legislation - HB0698. (2025). Maryland.Gov. https://mgaleg.maryland.gov/mgawebsite/legislation/details/hb0698?ys=2025rs

Although these reporting requirements apply to county governments, they demonstrate the importance of transparency and documentation in administering development-related fees. For the Town of Berlin, maintaining clear records of how impact fees are calculated, collected, allocated, and expended can similarly strengthen the transparency of its impact fee program.

Importance of Methodology and Documentation

As impact fees have become more widely used, courts and developers have increasingly scrutinized how these fees are calculated and administered. According to the American Planning Association (1997),[42] the expanded use of impact fees has been accompanied by increased state court involvement and legal challenges.

Galardi et al. (2004) emphasize the importance of using a consistent and transparent methodology when establishing impact fee rates.[43] Clearly documenting the methodology, assumptions, data sources, and rationale for a fee or rate change can strengthen a local government's ability to explain and support its impact fee structure.

Similarly, Froelich states that impact fees "must be proportional to the actual cost of providing capital facilities" (p. 7, 2025).[44] This reinforces the importance of establishing a clear relationship among new development, the demand it creates, the additional capital facilities required to accommodate that demand, and the resulting impact fee.

When establishing or revising an impact fee structure, municipalities should clearly document the facilities and infrastructure eligible for funding; the methodology and assumptions used to calculate the fee; existing and projected demand; the costs associated with providing additional capacity; the allocation of costs between existing and new development; and the circumstances under which credits, refunds, or adjustments may be provided.

Stakeholder engagement can also support a transparent and practical impact fee structure. Consultation with developers, property owners, residents, and other affected stakeholders can help identify implementation concerns, improve understanding of the methodology, and provide opportunities to address concerns before changes are adopted.

Impact Fee Credits and Refunds

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[42] APA Policy Guide on Impact Fees. (n.d.). American Planning Association. Retrieved July 12, 2026, from https://www.planning.org/policy/guides/adopted/impactfees.htm
[43] Galardi, D. (2003). Development fee trends and Tucson case study. Galardi Consulting, LLC. https://www.impactfees.com/publications%20pdf/ImpactFeeTrends.pdf
[44] Froelich, C., CPA. (2025). Impact fee primer: March 2025. Launch Development Finance Advisors. https://www.nahb.org/-/media/NAHB/advocacy/docs/industry-issues/land-use-101/infrastructure/impact-fee-primer.pdf?rev=3e7e64e0db16426590ff0649439a6a03

The importance of clearly established impact fee credit provisions is illustrated by *Anne Arundel County v. 808 Bestgate Realty, LLC* (2022).[45] The case concerned whether a developer was entitled to impact fee credits for roadway improvements associated with its development.

The case demonstrates the importance of establishing clear procedures governing circumstances in which developers may receive credits for infrastructure they construct or fund directly. For the Town of Berlin, provisions addressing credits and refunds should clearly identify eligibility requirements, calculation methods, documentation requirements, approval procedures, and the circumstances under which a credit or refund may be granted.

Common Challenges to Impact Fees

Research by Dr. Brian Nakamura identifies four common arguments raised by developers regarding impact fees:[46]

Equity Argument. Developers may argue that impact fees increase development costs and create additional financial risk, particularly when those costs are incorporated into the price of new residential or commercial development.

Exclusion Argument. Impact fees may be criticized for contributing to increased housing costs, potentially creating affordability concerns for lower-income households and first-time homebuyers.

Double-Billing or "Taxation" Argument. Developers may question whether new development is being charged for facilities or improvements that also benefit existing residents and businesses. This concern highlights the importance of distinguishing between costs associated with existing deficiencies and costs attributable to additional demand generated by new development.

Growth Deterrence Argument. Developers may contend that higher impact fees discourage development, increase development costs, or influence the location and pace of future growth.

These arguments do not independently determine whether an impact fee is legally valid. However, they identify important policy and implementation considerations for municipalities when establishing or revising impact fee programs.

The Town of Berlin has maintained impact fees since 2019. A significant change to the Town's existing fee rates, methodology, or eligible uses may receive increased scrutiny from developers and other stakeholders. A clearly documented methodology, transparent allocation of revenues, appropriate provisions for credits and refunds, and demonstrated relationship between

[45] *Anne Arundel Cnty. v. 808 Bestgate Realty, LLC, 479 Md. 404, 278 A.3d 731* (Md. 2022).
[46] Nakamura, B. (2021). Impact fees: The silver bullet? EMPSA Capstone Project for the Bush School of Government & Public Service, Texas A&M University. https://bush.tamu.edu/wp-content/uploads/2022/11/Nakamura-Fall-2021-Capstone_Impact-Fees-The-Silver-Bullet-.pdf

development impacts and the fees assessed can help establish a transparent and supportable impact fee program.

Historical Background

According to Froelich,[47] one of the earliest documented impact fees was implemented in 1947 in Hillsdale, Illinois, to finance expansion of a wastewater treatment facility. The use of impact fees subsequently expanded during the 1970s and 1980s as local governments sought additional mechanisms to finance infrastructure associated with population and development growth.

Historically, impact fees were primarily used to support capital expenditures associated with new development, including roads, parks, public schools, wastewater facilities, and other public infrastructure. Over time, impact fee practices evolved alongside changes in state legislation, local financing needs, and judicial decisions.[37]

The modern constitutional framework for development exactions developed largely through two landmark U.S. Supreme Court cases: *Nollan v. California Coastal Commission* (1987) and *Dolan v. City of Tigard* (1994). Together, these cases established the essential nexus and rough proportionality principles described earlier in this appendix.

During this period, states also increasingly adopted legislation authorizing or regulating local development impact fees. According to the FHWA Center for Innovative Finance Support, Texas adopted impact fee legislation in 1987, followed by Illinois in 1988 and California and New Jersey in 1989.[37]

Prior to the development of the *Nollan/Dolan* framework, local governments frequently defended development requirements through their general police powers.[37] Subsequent court decisions placed greater emphasis on protecting property rights and establishing a relationship between development impacts and government-imposed exactions.

National Context and Practices

Impact fees have become an increasingly common mechanism for financing growth-related public facilities and infrastructure across the United States. According to Kyle Sweetland, the national average impact fee increased from approximately $5,000 in 2004 to $9,000 in 2019.

[47] Froelich, C., CPA. (2025). Impact fee primer: March 2025. Launch Development Finance Advisors. https://www.nahb.org/-/media/NAHB/advocacy/docs/industry-issues/land-use-101/infrastructure/impact-fee-primer.pdf?rev=3e7e64e0db16426590ff0649439a6a03

Sweetland identified California, Oregon, and Maryland among states with comparatively high average impact fees, at approximately $30,000, $17,000, and $13,000, respectively.[48]

As impact fees have become more prevalent, municipalities have also increasingly conducted impact fee studies to establish and periodically update their methodologies. Galardi et al. found that jurisdictions were adopting more differentiated impact fee schedules that use scaling measures and other factors to account for differences among types of development.[43]

Impact fee schedules may vary based on characteristics such as land use, development intensity, location, or anticipated demand on facilities. For example, different development types may generate substantially different demands for transportation, water, wastewater, parks, public safety, or other public facilities. Geographic service areas may also be used when the costs and benefits of infrastructure improvements are concentrated within portions of a jurisdiction.

According to Duncan Associates, 29 states had enacted impact fee enabling legislation as of 2025:

State	Year	State	Year	State	Year
Arizona	1988	Indiana	1991	Pennsylvania	1990
Arkansas	2003	Maine	1988	Rhode Island	2000
California	1989	Maryland	1992	South Carolina	1999
Colorado	2001	Montana	2005	Texas	1987
Delaware	2001	Nevada	1989	Utah	1995
Florida*	2006	New Hampshire	1991	Vermont	1989
Georgia	1990	New Jersey	1989	Virginia	1990
Hawaii	1992	New Mexico	1993	Washington	1991
Idaho	1992	Oklahoma	2011	West Virginia	1990
Illinois	1987	Oregon	1991	Wisconsin	1993

**Florida's statute is not considered a traditional enabling act because local governments previously derived authority to impose impact fees through Florida case law.*

[48] Sweetland, K. (2025, April 7). California has the highest impact fees for homebuilding in the country. Pacific Legal Foundation. https://pacificlegal.org/california-has-the-highest-impact-fees-for-homebuilding-in-the-country/

The specific authority, requirements, eligible expenditures, and limitations applicable to impact fees vary by state. Accordingly, national practices provide useful comparative guidance but should be considered in conjunction with Maryland law and the Town's specific legal authority.

Impact Fee Credits and Offsets

Galardi et al. identify three primary types of impact fee credits or offsets:[43]

Revenue Offsets: Adjustments recognizing capital contributions made through other mechanisms, such as taxes, assessments, or other fees.

On-Site Credits: Credits for eligible facilities or improvements constructed as part of a development that reduce or otherwise address impacts attributable to that development.

Payment In-Kind: Reductions in impact fees when a developer directly constructs or provides an eligible capital improvement that would otherwise be funded through impact fee revenue.

Clearly defining the availability and calculation of credits and offsets is important to avoid charging new development more than its appropriate share of growth-related infrastructure costs.

National Guidance for Structuring Impact Fee Programs

The FHWA Center for Innovative Finance Support identifies several considerations for establishing an impact fee program.[37] These considerations can be organized into four primary components:

1. Define the Service Area. The jurisdiction should establish the geographic area in which the fee applies and identify the public facilities and infrastructure serving that area. Defining the service area helps establish the relationship between the development paying the fee and the improvements funded through fee revenues.

2. Establish Level-of-Service Standards. The jurisdiction should identify the level of service it intends to provide for each applicable facility or service. For example, a public safety standard could address an established emergency response time, while transportation standards could address roadway capacity. The impact fee methodology should identify how additional development affects the established level of service and what improvements are necessary to maintain it.

3. Establish the Basis for the Fee. The jurisdiction should clearly identify the methodology used to calculate the impact fee and communicate that methodology through its ordinance, supporting study, or related policy documents.

4. Establish the Timing of Payment. The impact fee program should specify when fees become due, such as during permitting, plat approval, issuance of a building permit, or another defined stage of the development process.

Transparency and Public Accessibility

Transparency is an important component of an effective impact fee program. The FHWA Center for Innovative Finance Support recommends making impact fee studies and supporting information publicly accessible and maintaining clear, comprehensive, and current information regarding fee requirements.[37]

To improve transparency, municipalities can make impact fee studies available through their websites, publish current fee schedules and supporting documentation, and provide clear guidance explaining how fees are calculated. A step-by-step fee guide or calculator can also help developers estimate potential fees based on the type and scale of proposed development.

For the Town of Berlin, these practices could improve predictability for developers and stakeholders while providing a clear public record of the methodology, assumptions, eligible expenditures, and policy objectives underlying the Town's impact fee program.

Appendix G: Town of Berlin Survey Findings

Survey Overview

The Town of Berlin Impact Fee Survey was conducted in May and June 2026 to gather stakeholder perspectives on the impacts of new development, potential uses and structure of impact fees, infrastructure capacity, and alternatives for funding development-related costs.

A total of **11 respondents** completed the survey. Given the small number of respondents, findings should be interpreted as stakeholder perspectives rather than as representative of the broader Berlin community. Because each respondent represents approximately **9.1%** of the total sample, both the number and percentage of respondents are reported throughout this appendix.

Most respondents had a direct connection to Town government: five were elected officials and four were Town employees or agency heads. Two respondents identified as builders or developers.

Key Findings at a Glance

Several themes emerged from the survey:

- **Infrastructure impacts were concentrated around transportation and public safety.** Roads and transportation, police/public safety, and parking were each selected by eight respondents (72.7%) as areas most affected by new development.
- **Respondents generally supported directing development-related fees toward infrastructure and services affected by growth.** Parking received the most selections (8 respondents), followed by roads/transportation and police/public safety (7 respondents each).
- **Respondents expressed mixed views about whether impacts differ by development type.** Single-family residential, multifamily residential, and “all have similar impact” each received five selections.
- **Nearly half favored distributing fees based on impact.** Five respondents (45.5%) selected an equal distribution based on impact when asked how fees should be structured between development types.
- **Developer agreements were the preferred alternative to impact fees.** Seven respondents (63.6%) selected case-by-case developer agreements as a potential funding source if impact fees were not collected.
- **Concerns about the drawbacks of impact fees were mixed.** Five respondents (45.5%) reported no major drawbacks, while four respondents each identified the potential to discourage development or make projects financially unfeasible.
- **Public safety and staffing capacity emerged as potential capacity concerns.** Five respondents (45.5%) identified each as currently at or near capacity.

Primary Position or Role

Role	Respondents	Percent
Berlin Elected Official	5	45.5%
Town of Berlin Employee/Agency Head	4	36.4%
Builder or Developer	2	18.2%
Total	**11**	**100.0%**

Nine of the 11 respondents (81.8%) were elected officials or Town employees/agency heads. As a result, the findings largely reflect perspectives from individuals directly involved in Town government and administration.

Development Types with the Greatest Infrastructure Impact

Respondents could select up to three development types.

Development Type	Respondents	Percent
Residential – Single-Family	5	45.5%
Residential – Multifamily	5	45.5%
All Have Similar Impact	5	45.5%
Commercial/Retail	3	27.3%
Mixed-Use Development	2	18.2%
Industrial/Warehouse	1	9.1%
Tourism-Related Development	0	0.0%

Respondents did not identify a single development type as having the greatest infrastructure impact. Single-family residential, multifamily residential, and the view that all development types have similar impacts each received five selections. Commercial/retail development received three selections, while fewer respondents selected mixed-use, industrial/warehouse, or tourism-related development.

Infrastructure Areas Most Affected by New Development

Respondents could select up to three infrastructure areas.

Infrastructure Area	Respondents	Percent
Roads and Transportation	8	72.7%
Police/Public Safety	8	72.7%
Parking	8	72.7%
Fire/EMS	6	54.5%
Other	5	45.5%
Parks and Recreation	1	9.1%

Roads and transportation, police/public safety, and parking were the most frequently identified areas, with each selected by eight respondents (72.7%). Fire/EMS was selected by six respondents (54.5%).

Five respondents provided additional comments. These responses referenced **water and sewer, public works/sanitation, trash collection, and public safety services**. Water and sewer were specifically referenced by multiple respondents.

Potential Uses of Development Fees

Respondents were asked which areas development fees should help fund and could select all that applied.

Potential Use	Respondents	Percent
Parking	8	72.7%
Roads and Transportation	7	63.6%
Police/Public Safety	7	63.6%
Fire/EMS	6	54.5%
Other	4	36.4%
Parks and Recreation	2	18.2%

Additional comments identified **public works/sanitation, stormwater, water and sewer, and public safety** as potential areas for funding.

Respondents generally prioritized core infrastructure and public safety functions. Parking received the most selections, followed closely by roads and transportation and police/public safety. The responses also indicate interest in considering utilities and public works infrastructure when evaluating development-related costs.

Preferred Impact Fee Structure

How Should Fees Be Structured Between Development Types?

Approach	Respondents	Percent
Equal Distribution Based on Impact	5	45.5%
Residential Should Pay More	2	18.2%
Commercial Should Pay More	2	18.2%
Case-by-Case Basis	1	9.1%
Not Sure	1	9.1%

The largest group of respondents, five of 11 (45.5%), favored structuring fees based on impact rather than assigning higher fees categorically to residential or commercial development. Opinions among the remaining respondents were divided, with two favoring higher residential

fees, two favoring higher commercial fees, one preferring a case-by-case approach, and one unsure.

Alternatives to Impact Fees

Respondents were asked how development-related costs should be funded if the Town does not collect impact fees and could select up to two options.

Funding Alternative	Respondents	Percent
Developer Agreements – Case-by-Case	7	63.6%
Increased Property Taxes	3	27.3%
General Tax Revenue	2	18.2%
Other	2	18.2%
Grants or External Funding	1	9.1%
Borrowing/Debt Financing	0	0.0%
Reduce or Delay Infrastructure Improvements	0	0.0%

Case-by-case developer agreements were the most frequently selected alternative, identified by seven respondents (63.6%). Increased property taxes were selected by three respondents, while general tax revenue and other approaches were each selected by two.

One respondent emphasized that development-related costs should not be shifted to existing taxpayers, while another referenced efficient delivery of government services.

Perceived Drawbacks of Impact Fees

Respondents could select up to two potential drawbacks.

Potential Drawback	Respondents	Percent
No Major Drawbacks	5	45.5%
May Discourage Development	4	36.4%
Makes Projects Financially Unfeasible	4	36.4%
Increases in Cost of Housing	3	27.3%
Legal Challenges/Defensibility	1	9.1%
Administrative Complexity	0	0.0%
Unfair Burden on Developers	0	0.0%
Other	0	0.0%

Respondents expressed mixed views regarding the potential disadvantages of impact fees. Five respondents (45.5%) indicated that impact fees have no major drawbacks. At the same time, four respondents identified the potential to discourage development, and four identified concerns about project financial feasibility. Three respondents identified increased housing costs as a potential drawback.

Current Infrastructure and Service Capacity

Respondents were asked which Town facilities or services are currently at or near capacity.

Facility or Service	Respondents	Percent
Public Safety Services	5	45.5%
Administrative/Staffing Capacity	5	45.5%
None Currently at Capacity	4	36.4%
Roads/Traffic	3	27.3%
Not Sure	2	18.2%
Parks/Recreational Facilities	1	9.1%
Other	3	27.3%

Public safety services and administrative/staffing capacity were the most frequently identified capacity concerns, each selected by five respondents (45.5%). However, four respondents (36.4%) indicated that no Town facilities or services are currently at capacity, suggesting differing perceptions of existing infrastructure and service constraints.

Open-ended responses raised additional concerns regarding **parking, roadway maintenance funding, increasing equipment costs, deferred maintenance and capital equipment purchases, and the importance of long-term infrastructure planning**.

Additional Stakeholder Comments

Five respondents provided additional comments. Although the comments reflected different perspectives, several recurring themes emerged.

Reasonableness and Proportionality: Respondents emphasized that impact fees should be reasonable, justifiable, and related to the additional demand generated by new development. One respondent noted that impact fees should not necessarily cover the full cost of maintenance or capital improvements but should ensure that new development contributes an appropriate share of growth-related costs.

Transparency and Use of Existing Revenue: Respondents raised questions about the Town's existing impact fee program, including how much revenue has been collected, how funds have been used, and what projects have been supported. One respondent specifically expressed concern that impact fee revenue should be used in a timely manner to address infrastructure and service needs associated with development.

Updating the Fee Structure: One respondent recommended establishing a mechanism for periodically reviewing or updating impact fees following completion of the study so that the fee structure remains current as costs change.

Differences Among Development Types: Comments reflected differing views regarding the relative impacts of residential and commercial development. One respondent suggested considering different rates based on development impacts, while another emphasized that Berlin's existing water and sewer charges should also be considered when evaluating the overall cost imposed on new development.

Alternative Revenue Approaches: One respondent suggested exploring defined tax contributions from commercial properties as a means of providing greater revenue stability. Other comments emphasized the importance of ensuring that existing taxpayers do not disproportionately subsidize costs generated by new development.

Overall Survey Takeaways

The survey results indicate general support for linking development-related charges to the infrastructure and service demands associated with growth. Transportation, parking, public safety, Fire/EMS, and utility/public works infrastructure emerged as recurring areas of concern.

At the same time, respondents expressed differing perspectives regarding the relative impacts of residential and commercial development, the current capacity of Town facilities and services, and the potential drawbacks of impact fees. These differences reinforce the importance of using an impact-based methodology supported by data rather than relying solely on stakeholder perceptions when establishing the Town's fee structure.

The responses also highlight the importance of **transparency, periodic review, clearly defined eligible uses, and documentation of how collected revenues are spent**. Given the survey's small sample size and the concentration of respondents among Town officials and employees, these findings should be considered as stakeholder input that complements, not substitutes for, the broader legal, financial, infrastructure, and comparative analyses included in this study.

Appendix H: Data Collection Instruments

These instruments let BEACON separate development-related work and cost from routine Town activity.

A1. Department activity report (one per department per month (or Quarter), tracked in the Town's time system or a shared sheet)

Field	Description
Department, staff member, date	Who did the work and when
Activity code	Impact fee calculation, site plan review, subdivision or annexation review, permit review, inspection, capital project management for growth, impact fee accounting, public inquiry on development, other
Project or permit number	Links time to a specific development
Development type	Single-family, multi-family, commercial, industrial, lodging, mixed
Hours	Direct staff time, in quarter-hour steps
Non-labor cost	Contract engineering, legal, advertising, materials
Development related?	Yes, no, partly (with percent)

A2. Interview guide, department heads (Public Works, Police, Parks, Planning, Finance)

1. Which assets, vehicles or facilities were requested, approved and denied since 2020, and why?
2. Which of those requests were caused by growth, and which by age or condition of existing assets?
3. What is the current capacity of each facility, and at what level of new development would it need to expand?
4. What level of service does the department aim to maintain (for example, response time, lane miles, park acres per resident)?
5. What capital items are planned in the next five years, with cost and funding source?
6. Which departments' staff time is spent on development review, and how many hours a month?

A3. Interview guide, Berlin Volunteer Fire Company (from the question set already prepared)

1. What apparatus and equipment does the company own today, with age, replacement cost and replacement date?
2. How does equipment need change as residential or commercial development is added, and when is that assessed?
3. What is the district's service area and how much of it is inside Town limits?
4. Which equipment is now funded by impact fees, and what should or should not be?

5. What are the call volumes by land use, including age-restricted housing and commercial parking areas?

A4. Survey additions for the next round. Add builders and developers, business owners and residents, since 82% of the first 11 respondents worked for or were elected to the Town. Ask for expected construction in the next three years and what total fee burden (including water and sewer) would change a project decision.

A5. Comparable jurisdiction interview guide (adapted from the Brunswick question set). Was the fee new or increased? What opposition arose and how was it handled? What was the legal basis and how was the rate set? What triggers a reassessment? What does the fee cover and how is revenue divided?