

# Overview of Impact Fees in Illinois

## **An Introduction to Impact Fees for Communities and Residents of Champaign County, Illinois**



prepared by  
Andrew Levy, Planner

Champaign County Regional Planning Commission  
1776 E. Washington Street  
Urbana, Illinois 61802

phone: 217.328.3313  
fax: 217.328.2426

[www.ccrpc.org](http://www.ccrpc.org)

June 2010



---

## Introduction

This report offers an overview of impact fees and describes potential applications for communities and counties in Illinois. This fulfills a request submitted to the Champaign County Regional Planning Commission by the Champaign County Farm Bureau to undertake a study of impact fees. The Farm Bureau made its request at nearly the same time local government agencies expressed a desire for a report outlining innovative infrastructure finance. Since the topics are similar, the reports were prepared at the same time. However, the request from the Farm Bureau indicated specific interest in impact fees. This topic is covered in the innovative finance document, however, more background and rationale is provided in this report.

The innovative infrastructure report and impact fee report do not provide recommendations regarding the finance tools that are identified. The reports do provide information that is intended to build our collective knowledge about infrastructure finance and provide a basis for further discussion. If these discussions lead to greater interest in new finance strategies, greater research on local conditions, applicability of strategies, and alternatives should be undertaken.

## Definitions

Impact fees are a method of assessing a one time fee that is used to help pay for infrastructure that is required by new development. Impact fees are one of a number of strategies that require new development to pay for an equitable portion of necessary infrastructure.

Impact fees as well as other strategies fall under a broad designation of Development Cost Charges (DCC's). These strategies include exaction fees, linkage fees, concurrency fees, system development charges, mitigation fees, negotiated contributions, capital value changes, hectareage assessments, and cost impact mitigation payments. Many of

these terms are used interchangeably, even though in practice they are defined in very specific terms. To simplify the terminology, DCC's can be divided into two categories, exactions and impact fees.

Exactions are charged to development for the purpose of providing onsite infrastructure which directly benefits the development. These revenues are generally used for local roads, sidewalks, street lighting, water, sewer, and others. Marginally, exaction fees have been applied to infrastructure that doesn't attach directly to a specific property, but may be located within or directly adjacent to a development. This type of infrastructure includes bus stops, transit stations, police stations, and recreational facilities. The case for assessing these fees is more difficult to establish and is more likely to meet public opposition if a direct benefit is not easily identified.

Impact fees are charged to development for the purpose of providing infrastructure off-site. The purpose of the fee is to mitigate off-site infrastructure costs needed for a development. In addition to on-site infrastructure, new development often requires that suitable infrastructure be available to accommodate additional use and users away from the development. This infrastructure includes arterial and collector roads, interchanges, overpasses, parking facilities, and recycling facilities. The critical part of the off-site DCC is determining a suitable proportionality or a dollar amount for the charge. Controversy surrounding impact fees is commonly focused on the formula or calculation that establishes the share of the cost borne by a particular development.

All DCC's are charges levied against new residential and commercial development properties. Charges come in the form of land dedication (generally for parks), or through cash donations. The revenues generated through cash fees are earmarked to recover the costs of building the infrastructure needed due to development.

---

## Impact Fee Background

Impact fees are used to shift a greater share of the cost of financing public facilities from the general taxpayer to a new development. This is often termed “growth that pays for itself”. This does not necessarily mean that the additional cost is paid by the developer. The fee is often passed to the land owner through higher land costs. Impact fees are initiated by local governments and established through a public process that includes participation from local stakeholders, predominantly developers. Support from the development community promotes fair and rational fees and establishes a greater understanding of the impact fee.

Impact fees became prominent in the late 1970’s as state and federal funds for local infrastructure decreased and tax payers refused increases to their taxes. As of 2010, 27 states have adopted impact fee enabling legislation (for other than water and wastewater fees). Recent surveys have shown that 60% of communities with over 25,000 residents and almost 40% of metropolitan counties have enacted some form of an impact fee ([www.impactfees.com](http://www.impactfees.com)).

Impact fees are commonly interpreted as a method of limiting urban growth. This is not an accurate representation. Since impact fees can only be applied to new development, development must continue for revenues to be generated. Certain pricing methodologies for impact fees attempt to increase location efficiency of development, but this again does not hold or limit development.

Another misrepresentation of impact fees is that they provide the solution to funding shortfalls for infrastructure. Impact fees may offer some relief across the tax base by providing an additional revenue source. However, it can only be expected to cover a portion of infrastructure improvements.

In regards to increased control over growth and development; comprehensive plans, capital improvement plans, zoning, and other land use

regulations have a much greater influence than can be expected from impact fees.

Several characteristics can be consistently found for communities with impact fees:

1. Large population base
2. Moderate to rapid growth
3. Existing high property taxes
4. Large capital investments that are in need of maintenance.

## Impact Fees in Illinois

In Illinois, state statute enables **home rule** municipalities of any population and counties with a population of greater than 400,000 the ability to impose road improvement impact fees. This enabling act further states that fees are to be used only for roads that are directly affected by traffic demands generated by new development (605 ILCS 5/Art. 5 Div. 9).

Home rule entities in Illinois are able to enact DCC’s, including impact fees, for several other types of infrastructure such as water, sewer, stormwater, parks, fire, police, library, solid waste and schools. These DCC’s generally follow similar processes and requirements to those outlined in the road improvement law. However, the calculation of the fee and structure of the ordinance are left to each local government.

As of 2010, Champaign County does not have a population greater than 400,000 and is a non-home rule county. The County is therefore unable to adopt impact fees under the current state legislation and cannot enact its own impact fees. Three municipalities in Champaign County are home-rule and fall under the state legislation for road impact fees. These municipalities are Champaign, Rantoul, and Urbana. These municipalities are also able to enact fees for other infrastructure and services.

---

## Regulation or Taxation

Land use regulations are considered a legitimate use of government power to manage the health, safety, and welfare of a community. In order to fall under the regulation category, there must be a direct connection between the development and the necessary infrastructure. If this connection is not made, impact fees essentially become an additional tax requiring voter approval.

An example of what would be considered a tax by most authorities is a flat fee. When impact fees were initially enacted, many locations attempted to simply adopt a minor flat fee, thinking that if the fee is small enough, it would gain easier acceptance. However, this resulted in court cases holding that these fees were an additional tax and not allowed by municipal legislation without voter approval. These and other court cases have established guidelines and requirements for defining the connection between user fees and the added service cost.

### Relevant Court Cases

Nollan v. California Coastal Commission  
Supreme Court of the United States, 1987

Dolan v. City of Tigard  
Supreme Court of the United States, 1994

## Legal Principles

Impact fee legislation also provides guiding principles for the fee as well as a test of appropriateness for charging the fee. The road improvement impact fee in Illinois must meet the tests of “proportionate share” and “specifically and uniquely attributable”. This test states that unless the fee issuer can prove that the demand for additional facilities is “specifically and uniquely attributable” to the new development, then the fee is an unreasonable assessment. This test requires that the fee issuer establish a fee that is directly connected to a need solely generated by a particular

development. Later court decisions determined that this test is nearly impossible to achieve, but it remains in Illinois state law. Other tests which are used to determine the reasonableness of impact fees includes “Direct Benefit”, “Rational Nexus”, “Reasonable Relationship”, “Proportionate Share”, “necessitated by” and others.

For fees created under home-rule authority, they must be deemed constitutional. The following concepts should be accounted for in the local legislation that enables a fee.

1. Fees must meet a substantive due-process test, where the local government is determined to have the authority to assess, collect, and spend fees for a specific public facility. The manner of the fee must qualify the payment as a fee rather than a tax, and meet a legitimate state or local interest, and be roughly proportional to the added service cost.
2. Fees must be applied to all parties on the same basis. However, fees may vary in magnitude based on relationship of the development to the added service.
3. A takings test ensures that the local objective is completed so that property is not taken without just compensation.

The test for determining whether a fee is a regulatory taking or not has emerged into three categories:

1. Reasonable Relationship - a reasonable connection between the fee and the needs generated by development.
2. Specifically and Uniquely Attributable - the fee is attributable to the development.
3. Rational Nexus - a reasonable connection between the use of the fees and the benefits for the new development. Also, proportionality between the amount charged and type and amount of facilities demand generated.

For impact fees (which are meant to fund off-site facilities), tests of both a reasonable connection and proportionality must be satisfied. These are generally established through studies that contain potential for development and infrastructure needs.

## Relevant Court Case

Volusia County v. Aberdeen at Ormond Beach, L.P.

## Defining a Reasonable Relationship

The final layer of court decisions helps define the term reasonable when determining the relationship between the fee and the added service cost. The following six factors are analyzed to determine reasonableness:

1. Spatial (distance between development and facilities)
2. Temporal (length of time between fee payment and facility construction)
3. Amount (level of fee in relation to cost of facilities)
4. Need (level of burden created by development)
5. Benefit (ability of facility to satisfy the needs of the new development)
6. Earmarking (assurance that fees are restricted solely to facilities serving the new development)

The courts have expressed that it is most appropriate to identify the methods and strategies for determining these factors before enacting the fees.

## Pricing Concepts for Impact Fees

Proper pricing is a concept that combines several of the factors identified above and can have an impact on the way that a fee is calculated. Oftentimes, user fees for infrastructure do not capture the full cost of providing the service system. As a result, existing revenues fall short as service demands increase, when new infrastructure is needed or when infrastructure needs to be rehabilitated. This shortfall requires that the service be subsidized through other means of revenue. Historically, the

gap has been filled by general tax revenue. However, this type of subsidy results in greater inefficiencies and potentially overconsumption of resources.

Developer Cost Charges provide a means of filling funding gaps for limited circumstances. In some instances, DCC's are designed to fill existing gaps in tax supported infrastructure. In other cases, user fees seek to generate the actual lifecycle cost of the infrastructure. The following pricing concepts play an important role in calculating the user fee and encourage efficient development through specific fee structures.

### Average Cost

In practice, user fees generally reflect the average cost of providing infrastructure and services. This method is prevalent because it is less complicated than other methods. Rather than accurately pricing costs, the average cost is essentially raising revenues with little reflection on the actual longterm cost of providing infrastructure and services. Average costs are generally issued through flat fees, fixed charges, or some combination of the two.

### Marginal Cost

The marginal cost matches the user fee to the actual cost of both infrastructure and operations as the entire system becomes larger, more complex, and more expensive. This requires a significant amount of information about systemwide costs per unit of delivery, future development, and the need for infrastructure. Rates do not simply depend on the amount of a good or service used.

### Variable Unit Rates

This method uses volumetric delivery to define differences in charges that include use of the infrastructure. Charges also should include operational and capital costs to move towards proper pricing. Variable rates can be applied to services that have identifiable volumes such as water and wastewater.

The following table compares three pricing methods. Different elements of infrastructure provision are included in each method. These elements are listed in the left column. Elements of the unit delivery are specifically broken down for both the marginal cost and variable unit rate methods.

### Local Government Utility Pricing Comparison

	Average Cost	Marginal Cost	Variable Unit Rate
Tap-in Charge	Yes	Yes	Yes
Residential User Rate	Flat	Inclining Block Rate	Yes
Non-Residential User Rate	Declining Block Rate	Inclining Block Rate	Yes
Unit Delivery Cost	Systemwide Total	Systemwide Total	Per Individual Users
Expansion Cost	No	Yes	Yes
Operations Cost	No	Yes	Yes
Capital Maintenance	No	Yes	Yes
Capital Replacement	No	Yes	Yes

*Terms are defined in glossary at the end of the report.*

### Multi-Part Tariff

There are instances where marginal cost pricing is impossible to determine. For these, a flat or fixed charge for infrastructure and service as well as a variable fee that approximates the marginal cost is desirable. While this may not capture the proper price, it is a preferable option to using a constant unit rate that recovers only the average cost.

### Peak Period Pricing

Peak pricing is a prominent method used in private utilities that has not been transferred to public utilities. Fees increase as demand increases at certain times of the day or seasons of the year. This concept can be applied across a variety of services, including water and transit.

### Differential User Fee

Charges are based on user characteristics. The most common example is differentiating between residents and nonresidents. This is only appropriate where outside users can be identified, as in the case of recreation facilities and libraries. Municipalities can extend the use of infrastructure or even physically expand infrastructure by increasing the charge for use based on use characteristics.

### Innovative Development Cost Charges

In addition to the standard exaction and impact fees that have been adopted, recent innovations have expanded the opportunity for using DCC's. Generally, these innovations require a significant amount of information to establish the connection between the fee and the benefit. However, these innovations provide more diversity in revenue for infrastructure.

The following is a list of these innovations.

#### Variable DCCs

Focus on encouraging effective and efficient development. When variable prices are set, developers will be forced to factor in the costs of expanding public infrastructure. If fees are absent or uniform, location considerations are largely absent.

#### Expanded On-Site DCCs (Exactions)

Looks at the larger development as a cohesive unit that may include bus stops, fire or police stations and outdoor recreation facilities. Although these are not property-specific infrastructure, they might be adjacent to or serve the surrounding development. When this connection to property can be made, the developer cost charge method might be applicable to infrastructure other than roads, sidewalks, etc.

---

### Expanded Off-Site DCCs (Impact Fees)

These fees are meant to generate funds to help offset the costs of building downstream infrastructure. This might include upgrading arterial and collector roads, purchasing right-of-way, supplementing parking systems, and adding recycling facilities. Costs are set by determining a prorated share of new facilities. This is a challenging task which must meet an appropriate relationship between new development and downstream infrastructure costs. The controversy of this method comes with defining this relationship.

### Linkage DCCs

Expand the idea of impact fees to off-site soft infrastructure like correctional facilities, government buildings, affordable housing and others. The common connection is that development requires more social infrastructure. However, the relationships are relatively weak, which essentially results in a tax on new development. As a tool for infrastructure funding, the efficiency of this is questionable.

### Density Bonusing

Uses a negotiated variable DCC based on an individual development arrangement. In return for a development advantage granted by a local government, the developer agrees to help fund or provide some extent of infrastructure and facilities. The method is also akin to a value capture taxation through the local government receiving additional capital from the increase in property value.

### Front-Ended DCCs

Allows developers to provide funds or the actual infrastructure to the local government in order to proceed with development. Funds are generally repaid over time as other developments proceed and development cost charges are collected. Front-ended DCCs should not circumvent the municipal planning process by allowing developers to expand infrastructure where it does not conform with the adopted municipal comprehensive plan. Additional measures should be implemented to ensure good and proper development if this method is to be used.

### Scheduled DCCs

These are appropriate in instances of continual and regular development. A schedule of costs avoids negotiating fees for each development. In order to achieve long-term planning objectives, these fees can be incorporated into the comprehensive plan, ordinances and other planning documents.

## **Standards for Impact Fees**

The American Planning Association has identified several standards that impact fees and impact fee ordinances should achieve. A working committee will ensure that these standards are met by the proposed ordinance.

- The imposition of a fee must be rationally linked (the “rational nexus”) to an impact created by a particular development and the demonstrated need for related capital improvements pursuant to a capital improvement plan and program.
- Some benefit must accrue to the development as a result of the payment of a fee.
- The amount of the fee must be a proportionate fair share of the costs of the improvements made necessary by the development and must not exceed the cost of the improvements.
- A fee cannot be imposed to address existing deficiencies except where they are exacerbated by new development.
- Funds received under such a program must be segregated from the general fund and used solely for the purposes for which the fee is established.
- The fees collected must be encumbered or expended within a reasonable time frame to ensure that needed improvements are implemented.
- The fee assessed cannot exceed the cost of the improvements, and credits must be given for outside funding sources (such as federal and state grants, developer initiated improvements for impacts related to new development, etc.) and local tax payments which fund capital improvements, for example.



- 
- The fee cannot be used to cover normal operation and maintenance or personnel costs, but must be used for capital improvements, or under some linkage programs, affordable housing, job training, child care, etc.
  - The fee establish for capital improvements should be reviewed at least every two years to determine whether an adjustment is required, and similarly the capital improvement plan and budget should be reviewed at least every 5 to 8 years.
  - Provisions must be included in the ordinance to permit refunds for projects that are not constructed, since no impact will have manifested.
  - Impact fee payments are typically required to be made as a condition of approval of the development, either at the time the building or occupancy permit is issued.

### **Common Concerns with Impact Fees**

There is much debate surrounding the true effects of impact fees on development, local economy, and municipal budgets. Most often there is fear that portions of the population may be priced out of the market due to the added fee or that the market or profit margin will be adversely effected. Some contend that development will move to locations that do not require the fee. Others contend that impact fees will result in higher housing costs and therefore make it difficult for the city to achieve their goals for affordable housing. Some of these issues cannot be resolved prior to enacting the fee; however, ensuring that the regulatory provisions for development is appropriate and comprehensive may help avoid these unforeseeable circumstances. Ordinances that set standards for open space, housing mix, and quality of life can effectively mitigate many of these issues. Also, creating strong connections between impact fees and plans can help in addressing these concerns through a planning process. Communities have exempted

affordable housing from impact fees, regionalized fees to recognize cross boarder impacts of development, and established sunset provisions. Another common concern from municipalities is that the impact fees are structured to pay a fair share rather than paying the full cost. While it is generally agreed that this is the appropriate method, it also requires local governments to find revenues to pay for the remainder of the development cost.

### **Steps towards enacting Developer Cost Charges**

Circumstances for developing impact fees are unique for every community. So the process and methods used to enact the fee are always different. However, there are a few universal steps that are needed to get started. Local governments in Illinois interested in adopting impact fees must first determine their eligibility. For communities in Illinois, a road improvement fee must conform to the Illinois State Legislation. Fees for other infrastructure can be established as long as the government is a home-rule entity.

Advisory committees are generally formed to oversee the development of the fee system. Committees often range from 5-20 people and have some percentage (40% for Illinois Road Improvement Fees) representing the development community.

The local government then completes a study to establish the connection between development and the cost to be paid by the new development. Once the study has been completed, the local government can proceed with standard procedures for enacting new legislation. After the fee is adopted, a phase-in period is generally established.

---

## Regulating Land Development

Impact fees are often considered to be a method of restricting development. Instead, it is a funding source that spreads the additional cost that new development places on citywide infrastructure and services. In order to increase control of development, specifically to reduce the conversion of farmland, several other concepts have proven track records:

- Smart Growth - Seeks to focus time, investment, and resources in restoring communities and vitality. This often includes transit and pedestrian housing mix, mixed housing commercial and retail land uses, and preserves open space and other environmental amenities.
- New Urbanism - Seeks to use urban design standards through public policy to promote walkable neighborhoods, jobs/housing balance throughout all scales of our environment. Urban sprawl is expected to be reined in by creating and redeveloping communities to be livable and healthy.

Specific controls and programs that can be implemented to conserve farmland include:

- Conservation Easements
- Agricultural Districts
- Comprehensive Planning
- Zoning
- Tax Relief Programs
- Agricultural Economic Development
- Conversion Mitigation Programs
- Land Use Value Assessments

Sources:

Carrion, C. and Libby, L. "Development Impact Fees: A Primer" Working Paper. The Ohio State University.

Nelson, Arthur C., Nicholas, James C., Juergenseyer, Julian C. "Impact Fees: Principles and Practice of Proportionate-Share Development Fees." 2009

Callies, David L., Freilich, Robert H., Roberts, Thomas E. "Cases and Materials on Land Use." 2004

American Planning Association. Policy Guide on Impact Fees. 1997

## Conclusion

Impact fee terminology, or more broadly, Development Cost Charges, are used interchangeably even though the tool is specifically defined when it is adopted. The variety of DCC's can establish an important source of revenue for supporting the needs of new development (both on-site and off-site). However, new development can only be expected to pay an equitable share of the added infrastructure and services.

Establishing a clear connection between the fee and the added service is required. This represents the bulk of the work and controversy that occurs when adopting impact fees. An appropriate connection ensures that the fee cannot be interpreted as a tax. Local governments have the authority to control development in this manner, but must establish their control within constitutional limits and their right to govern.

While not detailed in this report, it is suggested that timing is an important aspect of enacting impact fees. Increasing the burden on already depressed circumstances may lead to public rejection. A proposal at the wrong time may also result in poor trade-off decisions that do not achieve goals which might be established during healthier economic times.

---

## **Case Study: Dupage County Fair Share Road Improvement Impact Fee Ordinance**

### **Overview**

Dupage County adopted impact fees effective in 1988. The County determined that it did not have sufficient revenues to ensure that adequate facilities would be in place when needed by new development. Several concerns were raised by the development community during the creation of the fee. These included how the relationship between the added infrastructure and the development, potential to chase away development, equity of the fee, developer credits, land dedication in lieu of fee, payment timing and determination of road capacity and the need for improvements. These issues were resolved through both state court decisions and technical and policy committees in Dupage County.

Other concerns voiced by the public were that the fee was a tax on the general population. This was resolved based on state law since the fee is not an annual charge against a property or specific good. Another concern was that developers would charge more than the actual fee resulting in higher construction costs. This 'gauging' occurred in some instances when fees were not itemized.

Dupage County hired several consultants to prepare initial documents about implementing impact fees. A policy and technical committee were established and worked for two years to reconcile differences not anticipated through the planning process. The ordinance and fee schedule changes frequently in the first two years to achieve greater consensus on fee methods, rates, procedures and more.

### **Methodology**

The impact fee calculates the cost to new development by subtracting out the fraction of peak hour adjacent street trips that are passby or diverted trips from a total of projected trips. This represents the capacity expansion approach, which is the required method by Illinois State Law. The cost used for the calculation is for construction, Right of Way, and intersection improvements. This method represents the average cost approach to calculating an impact fee.

The County calculates the fee for specific geographic areas based on the projected development for those areas. If an individual development believes that the capital costs from their proposed development should be less than the general fee established for the area, the individual development may calculate its own fee assessment using the same methodology.

### **Updates**

Dupage County updated their fee schedule in 2008 and completed a procedures document in 2007. In 2010, Dupage County completed a land use assumptions 2010-2030 document. This is used to determine the assessment of traffic impacts on new development. A traffic model that includes land use information and various fiscal and project assumptions was developed and is explained in the report. The fee has never been voluntarily voted for a moratorium, however there was a moratorium on expenditures pending a court case from 1993-1995.

---

## Case Study: Town of Normal Stormwater Detention Fee

### Overview

The town of Normal establish the stormwater detention fee in 1985. The fee is included with other permit and development fees issued by the town.

### Methodology

The stormwater detention fee is applied based on the acreage of the development and zoning. The town related the amount of impervious surface created by development to the zoning intensity, increasing the fee with development intensity. The fees continue to be based on the actual cost of providing stormwater detention at the time the fee was enacted. This cost included both land costs and construction costs. This represents an average cost approach to impact fees.

The Town of Normal has also established a stormwater user fee which is collected as a part of the town's utility bill. Revenues from this user fee funds projects including street sweeping, detention basin maintenance, storm sewer repair, and creek maintenance.

### Updates

Since the fee has not been updated in some time, the charges are relatively low and complaints are also low. Fees are not collected if the development is outside of the city water basins or if the development contains its own detention/retention feature as an amenity.

## Case Study: City of Naperville Road Impact Fee Program

### Overview

The City of Naperville adopted a Road Impact Fee Program in 1988. This program is consistent with the state enabling legislation known as the Road Improvement Impact Fee Law.

### Methodology

The City of Naperville uses the same information that is required by Illinois to calculate their Road Impact Fee. The information is derived from the City of Naperville's Transportation Model.

### Updates

The city is required to update the fee using a traffic study every five years.

### Sample formulas for Determining Road Impact Fees:

Attributable New Travel in Vehicular Miles per Day =  $[(\text{Trip Rate} * \text{Trip Length})/2] * \text{New Trips}$

New Lane Miles =  $\text{Attributable Travel}/\text{Capacity per Lane-mile in Vehicles per day}$

Construction Cost =  $\text{New Lane-miles} * \text{Construction Cost per Lane-Mile}$

Right of Way Cost =  $\text{New Lane-miles of Roads} * \text{R.O.W. cost per Lane-mile}$

Total Cost =  $\text{Construction Cost} + \text{R.O.W Cost}$

Credits =  $[(\text{Attributable Travel} * \text{Days per year})/\text{Miles per Gallon}] * \text{Capital Portion of Motor Fuels Tax} * \text{Present Value Factor}$

Present Value Factor =  $\text{Sum from 1 to 25 of } [1/(1.06^n)]$  where n is the Year from 1 to 25.

Net Cost =  $\text{Total Cost} - \text{Credits}$

Impact Fee =  $\text{Net cost} - \text{Discounts}$

## Glossary

Capital Maintenance Cost - A share of the cost required to maintain existing infrastructure.

Capital Replacement Cost - A share of the cost required fund eventual replacement of infrastructure.

Declining Block Rate - Charge decreases as unit consumption increases.

Home Rule Status - Local governments in Illinois become home rule by having a population over 25,000 or through voter referendum. This designation provides greater decision-making power to local jurisdictions.

Inclining Block Rate - Charge increases as unit consumption increases.

Infrastructure Expansion Cost - A share of the cost required for infrastructure.

Non-Residential Rate - Fee rate for commercial and industrial customers.

Operations Cost - A share of the cost required to maintain proper operation of the infrastructure.

Residential Rate - Fee rate for residential customers.

System Tap-in Charge - Regular charge based on connection capacity (pipe diameter or meter size).

Unit Delivery - Fee based on recorded volume of delivered product (generally for water).