

CITY OF DOVER

STORMWATER AND FLOOD RESILIENCE FUNDING COMMITTEE - MINUTES

Meeting Type: **Regular Meeting**
Meeting Location: **City Hall, Council Conference Room**
Meeting Date: **Monday, August 30, 2021**
Meeting Time: **5:30 PM**

Members Present: Bill Baber, Paul Geraci, Steve Haight, Vincent Hayes, Chad Kageleiry, Ken Mavrogeorge, Jan Nedelka, Otis Perry, Cynthia Walter, Allen Krans, Ray Bardwell, Dennis Shanahan (City Council, ex officio), Gretchen Young (Community Services, ex officio),

Members Not Present (excused): David Degenais, Marcia Gasses, Eric George, Peter Driscoll

Members Not Present (un-excused): None

Also Present: Ben Sweeney (NHDES Coastal Program Project Partner) Abigail Lyon (PREP Project Partner), Martha Shiels (New England Environmental Finance Center Project Partner), Jamie Houle (UNH Stormwater Center Project Partner)

1. CALL TO ORDER

Councilor Shanahan called the meeting to order at 5:30 PM. Accommodations include remote participation.

2. **ATTENDANCE** (follow remote participation procedures as needed)
Councilor Shanahan called attendance (see members present listed above).

3. REVIEW AND APPROVAL OF JULY 26, 2021 MINUTES

Motion: Perry made a motion to approve the minutes as presented; Baber second

Roll Call Vote: Motion passed (11 yes; 0 abstention; 0 no)

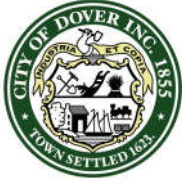
No amendments suggested or made

4. NEW BUSINESS

A. Revisit and come to a consensus on the Committee's goals

Sweeney presented an overview of the agenda for the meeting including the plan to revisit and review the goal of the committee, the charge, and the criteria that the committee discussed and used to evaluate the funding options thus far. Sweeney reminded the committee that the recommendations report is not intended to put forth a funding solution that is ready for implementation, but rather a chance to put forth a favorable option with specific questions and/or considerations that need answering before proceeding with implementation.

Krans was in favor of this approach to put forth a solid plan to move the ball forward and outline the next steps. Krans recognized this approach is less traditional than those of previous advisory groups. Sweeney responded saying the level of detail and specificity



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included in the recommendations report will depend on the recommendation put forth by the committee. For example, if a stormwater utility is the recommended option there will be detail about credits and rate structures the committee supports. Councilor Shanahan supported this approach of providing detail about credits. Nedelka cautioned around interpreting the guidance too liberally and not making any decisions.

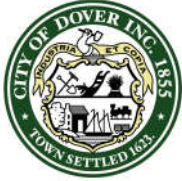
Sweeney continued with a review of the goals and different priorities that have unavoidable costs. Sweeney also reminded the committee of the criteria that was used to evaluate funding options earlier in the committee's process. Criteria included: secure, adequate, flexible, and equitable, primary vs. secondary sources of funding, and feasibility and ease of implementation. Councilor Shanahan recognized the comment from a previous meeting about frustrations among committee members to not be focused on eliminating sources of contamination and requested that Young provide a brief update during the meeting about the City of Dover's involvement in the Municipal Alliance for Adaptive Management (MAAM) with respect to the Great Bay Total Nitrogen General Permit.

B. Compare advantages and disadvantages of meeting increased stormwater and flood resilience costs through the General Fund vs. a Stormwater Utility

Sweeney presented on the two proposed funding options (the General Fund and a stormwater utility) and described the costs under each option. The General Fund does not currently meet the previously identified stormwater management need of \$3.5 million. If the General Fund was to be the preferred option, the City has limited options for increasing revenue to meet those costs. Options include issuing a bond, increasing property taxes up to the tax cap, or reallocating existing General Fund money which would require cuts in other programs. Disadvantages of the General Fund include competing priorities, and Sweeney pointed to examples of deferred projects due to budget constraints.

Haight asked if the budget estimates for stormwater in the General Fund included roads. Sweeney clarified that the amounts do not currently reflect roads, but would be worth looking into the inclusion of state roads.

Krans asked for examples and Sweeney presented a number of examples to illustrate what a stormwater utility fee might look like vs. what the tax might be if increased to cover costs (using \$3.5m budget) assuming the tax increase would not exceed the tax cap. Krans asked why the committee was comparing to property taxes if the messaging is that a stormwater utility is not a tax. Nedelka added that all are not equal but it provides the



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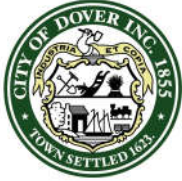
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committee with a way to compare the two approaches. Councilor Shanahan added that the confusion lies in the terminology used – “fee” vs. “tax.”

Krans and Haight asked about the overall budget including whether the General Fund for stormwater would decrease and if the budget included things beyond operating costs. Young added that the amount does not take into account other things beyond operating budget and that the estimate of \$3.5million is based on 10 years of previous expenditures. The conversation continued with an explanation of how the City currently pays for projects with bonds. Haight added that those monies that are bonds are not taken from the General Fund. Perry added that for certain projects the sewer and water utility pays for those bonds. Perry also shared the example of pay-as-you-throw garbage the City currently implements. Haight reminded the committee that residents have a choice to buy into that program. Baber shared that a stormwater utility would lend itself to opportunities for residents to reduce their fees by implementing actions. Young added that as part of the Municipal Alliance for Adaptive Management (MAAM) approach to meeting the Great Bay Total Nitrogen General Permit a lot of the reductions are going to come from private properties. Right now, using the General Fund to support stormwater, there is no incentive to ask someone to implement a best management practice on their property. A utility will create the incentive and will lead to reductions in nitrogen and cost savings for the City. Krans (1) asked if the City was fined for not having adequate treatment. Young answered no, but unclear of the cost to renew the current permit. The cost is the compliance in keeping the wastewater treatment facility operating at the quality that it is. The facility works so well but with a steady flow and it struggles during peak flows. Nedelka asked that if the City does have to build a stormwater treatment plant, how does that get paid for. Haight added that at that point a utility commission says that's a big budget for approval and the City will have to generate an enormous amount of money. Perry added that the question is not if we do it but how we do it. Walter asked Sweeney to return to the presentation to present the examples he provided.

Sweeney walked through examples of anticipated costs for funding stormwater management through the General Fund with the \$3.5million budget vs. costs for the same budget through a stormwater utility.

Bardwell asked about how home valuation would impact the utility or property taxes. Haight answered saying the homeowner would pay more under the General Fund scenario but it would not matter under a stormwater utility. Sweeney added that the margins become greater the higher tax value you have because you would pay a higher tax to the General Fund but the stormwater utility would stay the same. Councilor Shanahan shared that it potentially makes the utility regressive. Geraci added that water and sewer bills are not based on property value.



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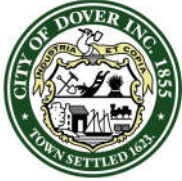
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Following the commercial property example, Sweeney commented that almost the entire parcel is impervious area and that they would pay a lot less with the General Fund approach. Kageleiry asked if the property had a recent parking extension with a new stormwater system installed if credits would be issued under a utility scenario. He added that until we know what the crediting system will look like it is hard to evaluate the funding options and that if a property owner handles their stormwater responsibly they should not be charged. Sweeney clarified that all examples presented are pre-credit. Young shared with the committee that this particular property did the bare minimum in terms of stormwater management and if there had been a utility and an incentive to do more there would have been more reductions possible. Baber added that one of the reasons the utility is attractive is the opportunity for crediting. Kageleiry agreed but expressed concern about not knowing how a credit would be applied or administered. Nedelka cautioned the committee to not let perfect be the enemy of the good and that the reality is that even if the committee recommends a credit structure there will be changes. Kageleiry added that we need to figure out how durable the stormwater cash flow is going to be if credits are implemented. Councilor Shanahan reminded the committee that they are reviewing if there is a feasible option for funding stormwater and the City Council will then determine next steps.

Walter raised two points about the car dealership and the church: 1) implement a multi-year staging so that people that are faced with a new or high bill could arrange a plan with the expertise of UNH and others to install a practice to get credit; or 2) implement a 05 or low interest loan that could be applied to help with costs.

Sweeney continued with the example of the church. Kageleiry asked if there is a real desire in the City to reduce nitrogen. Young responded saying the real benefit of a utility is that folks will install and maintain stormwater systems; something the City is currently struggling with.

Mavrogeorge commented that if the committee recommends sticking with the General Fund that there are no credits available to residents or property owners. But with a utility there are opportunities for incentivizing good behavior. For the church example there may be opportunities to implement a private public partnership to support stormwater best management practice installations to improve water quality in lieu of paying the utility. Kageleiry added that the upside of not doing the work and just paying the fee is that money stays in the utility and instead of improvements on private property the money will support other stormwater projects. Kageleiry added, however, asking if at the end of the day the City is any closer to reaching the nitrogen reduction goals. Young



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added that it gets the City closer. Perry added that if you stick with the General Fund you are not any closer and you're incentivizing no one.

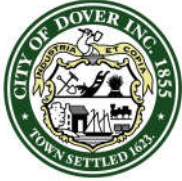
Walter asked about the first ¼ inch of rain containing nitrate and whether capturing the first ¼ inch can make a large dent in nitrogen reduction. If the City asks property owners to capture the first ¼ in it might not be as expensive and could see a large reduction in nitrogen. Mavrogeorge added that there are ways to implement smaller practices and still see a benefit. He added that he's leaning toward the utility option because it incentivizes good behavior. Mavrogeorge shared that there is a similar program under the General Fund for solar and getting credit on your taxes. Perry added that it's because the solar panels are not reflected in your property evaluation. Mavrogeorge added that it does add value to your property, however. Krans asked about if roofs would be included in these calculations. Young said that yes, all impervious cover would be included. Sweeney shared that there are credits in some places for capturing runoff from roofs. Nedelka shared that there is no current enabling legislation for property tax credits for improvements on your property.

C. Determine if a consensus exists on general recommendations with a possible vote by the Committee

Councilor Shanahan offered to entertain a motion to make this committee's initial recommendation on the feasible funding strategy. The committee responded that there are too many questions remaining to make that determination. Bardwell asked whether the City was going to be nitrogen neutral. Young added more context about the MAAM and the Great Bay Total Nitrogen General Permit. She shared the City's efforts to study the Great Bay Estuary in partnership with UNH and PREP, working on reductions in the City, educating other communities, etc.

Walter suggested that there is more than we need to understand a stormwater utility vs. the General Fund, but asked Sweeney and the committee to consider two questions. 1) how would a utility vs. the General Fund play into the costs of doing this vs. the General Fund grinding away at the EPA permits; and 2) how does a stormwater utility factor into debt? Walter reminded the committee that if the City needs the money the City will get and spend the money, but if we can wait and avoid debt services that is a big advantage.

Kageleiry raised his concern again about not making a decision before we know more about the crediting structure. Krans added that his recommendation is for a utility that has a crediting system for single family residential properties on ¼ acre lots and that too much focus has been on credits for large parking lots. Perry shared that we need to know



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how much those credits will impact the budget. Geraci asked Sweeney to share examples from other communities to see what impact credits have on the overall budget.

Perry asked if the stormwater utility would be part of the existing utility commission or another commission. Nedelka cautioned the committee to not get too caught up in the discussion of credits deteriorating the revenue and likened this process to the property tax levy. Nedelka offered to make a motion recognizing that the committee has been provided sufficient information to move forward. Councilor Shanahan asked Nedelka to hold such motion until the following meeting. Baber added that a stormwater utility option with opportunity to offer relief. Kageleiry responded saying the recommendation as it currently stands is too vague and that the City Council needs to have some defense to answer questions about “what is this” and “how is it equitable?” Mavrogeorge asked to spend more time filling in the details of the recommendation. Councilor Shanahan responded saying the committee should talk more about outreach, impact of the credits, opportunities for incentivizing good behavior, and the overall level of funding. Nedelka added that if the committee is not comfortable making a solid recommendation the City Council will likely respond not in favor.

Kageleiry asked about voting at the following meeting and whether it would include members calling in or be limited to members present. Councilor Shanahan said it would include members calling in.

5. CITIZEN’S FORUM

None present

6. CONFIRM NEXT MEETING DATE, TOPIC, AND HOMEWORK ASSIGNMENTS

Next meeting is scheduled for September 27, 2021 at 5:30 PM.

7. ADJOURN

Motion: Perry; Second: Geraci

Councilor Shanahan declared the meeting adjourned.