



CITY OF DOVER

STORMWATER AND FLOOD RESILIENCE FUNDING COMMITTEE - MINUTES

Meeting Type: **Regular Meeting**
Meeting Location: **City Hall, Council Conference Room**
Meeting Date: **Monday, September 27, 2021**
Meeting Time: **5:30 PM**

Members Present: Bill Baber, Paul Geraci, Chad Kageleiry, Ken Mavrogeorge, Jan Nedelka, Cynthia Walter, Allen Krans, Ray Bardwell, David Degenais, Eric George, Dennis Shanahan (City Council, ex officio), Gretchen Young (Community Services, ex officio),

Members Not Present (excused): Steve Haight, Otis Perry, Marcia Gasses

Members Not Present (un-excused): Peter Driscoll

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), and Tom Swenson (NHDES Project Partner)

1. CALL TO ORDER

Councilor Shanahan called the meeting to order at 5:32 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 AUGUST 30, 2021 MINUTES

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

Roll Call Vote: Motion passed (10 yes; 0 abstention; 0 no)

Amendment: typo on page 4 “or 2) implement a 05 or low interest loan...” Should be “or 2) implement a zero or low interest loan...”

4. NEW BUSINESS

A. Assess the potential impact of stormwater utility credits

Sweeney presented an overview of a handout showing the distillation of the impact of credits on a stormwater utility program. He added that it is challenging to compare credit policies and the percentage of properties receiving credits from community to community. Examples included Northampton, MA, South Portland, ME, and Burlington, VT. Credits ranged from 11% to less than 1%.

Bardwell asked if the less than 1% reflected residents not applying for credits. Sweeney confirmed and reminded the committee that Gallinaro’s presentation about the utility in South Portland, ME highlighted that the city could be doing more outreach about the credits available. Kageleiry raised the concern that so few people are taking advantage of



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credits because it is not worth doing. Krans asked about credits for senior citizens or residents with low income housing and echoed Kageleiry's statement. Walter responded to Kageleiry that she looked into credit options and found ones that are available and affordable and gave the example of up to 25% credit for a 100 square foot rain garden. She added that these examples are just a snap shot and that the committee should hold back and not conclude that the percentages of credits implemented are not a reflection on whether residents feel it is worth pursuing. Degenais asked about large landowners who have already paid to install best management practices for stormwater, stating that there needs to be a mechanism for those folks to receive credit. He added that the 1% might be low but it could include large contributors. Kageleiry asked about the percentage of properties in Dover that meet the new stormwater standards. He presumed that most properties will have to renovate and retrofit to get credits – and that becomes a calculation to determine if it is worth doing. Sweeney pointed out that looking at the number of properties in South Burlington, VT the committee should look at the number of ERUs that are receiving credit. He added that the question to the committee is whether or not the utility rate should increase per ERU or whether the City could operate with a slightly reduced budget. South Burlington, VT gave out a total of \$250,000 in credits and did not raise rates. Kageleiry asked what percentage of the \$250,000 is their stormwater budget. Sweeney offered to follow up.

Sweeney walked through a hypothetical example for the City using the model South Portland, ME used. It includes a two pronged approach 1) water quality management and 2) water quantity management – if you meet both local and state stormwater quality policies a rate payer could receive 60% credit and an additional 10% for meeting quantity. Kageleiry asked how communities rationalize if a contemporary project is built to the standards that there is not 100% credit off the bat. Young shared that standards only account for 60% of nitrogen removal not 100%. Bardwell asked about Portland's plan to build tanks to hold stormwater. Young reminded Bardwell that Portland is different because they have a combined stormwater sewer system.

Sweeney walked the committee through an example property (Aldi) using the hypothetical credit system – rate would be \$2,571 under a stormwater utility with credits vs. \$6,428 with no credits. Kageleiry was surprised by the \$6,428 rate before credits and expressed concern about properties that own a lot of pavement or impervious cover and how much they would be asked to pay. He cautioned the committee that it could result in limited development and economic litigation. Nedelka reminded Kageleiry that a credit system would be implemented to factor in equity. Walter added that the committee should consider a multi-year establishment program to allow businesses to prepare for a multi-thousand stormwater utility or impact fee. Bardwell stated he felt the committee's decision was to recommend or not recommend a utility and not to determine who



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receives credits. Walter disagreed and said the committee gets to decide what a utility is and can define how fast it could be implemented. Councilor Shanahan stated that if the City pursues a utility there have to be credits and that the committee is looking at “what do credits mean” and “what are the orders of magnitude.” Krans agreed with Councilor Shanahan but added that if the committee pursues the examples laid out that it is possible only large newly developed land would receive credit and it might not be economically feasible for older properties to gain credit.

Baber reminded the committee that they have not discussed the wastewater treatment facility and EPA permit process. He added that there will be incentives for the City to give credits because they want to incentivize change. Kageleiry stated that he is not sure a stormwater utility is the most equitable way to raise funds to address flood resilience and upgrades in existing stormwater systems. He added that there are administrative costs associated with a stormwater utility. Councilor Shanahan asked if not a utility then where. Degenais added that imposing fees could impact development. Nedelka responded saying he did not think Degenais was wrong but that the City is facing regulatory pressure and the “cost will drive businesses out of town” is a call the City has heard before. He added that properties that were not originally designed to treat 50% of the nitrogen are still in the City and are having an adverse impact that we as a community have to bear the burden on. He closed saying that large areas of impact will have a cost associated with them and the most the committee can do is try and come up with a fair and balanced way to deal with it. Councilor Shanahan offered the alternative to use the General Fund to raise the funding needed to address stormwater and flood resilience. He shared that the General Fund is based on property tax assessment and the amount the City has to collect and each property owners pays a portion based on their assessed property value. For stormwater there are properties that are much more impactful than others. Property taxes do not consider the impact a property has. Degenais stated that this is a City problem and it could belong in the General Fund. He then asked if a tax-based system was implemented would the increase be more than the proposed \$6,500 for Aldi under a stormwater utility with no credits. He continued stating that if under the General Fund model the rate would be closer to \$2,000 that would be more sellable. Kageleiry echoed saying stormwater and flood resilience is a city-wide situation and every property owner paying a tax bill would say the approach was tough but more equitable because the rate is the same for everyone and it would not add administrative burden. Nedelka stated that that approach fails to take into account the inequitable distribution of the contribution of stormwater. Kageleiry disagreed. Sweeney stated that under a utility some properties would see an increase but single family residential properties would see a reduction in costs as would smaller parcels in the downtown core that might be entirely impervious cover but because they have a high tax value they would pay less under a utility. Kageleiry commented that multi-story condominiums are the problem and are getting a



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huge tax break under a utility and are discouraging green space. Young stated that it is more about discouraging sprawl. Nedelka agreed with Kageleiry that this is a community wide issue but that if the problem child we're facing is impervious cover and the associated runoff then the areas of large impervious cover are the trouble makers. Kageleiry continued stating that if it is a city-wide problem he does not see why the City can't take care of it and everybody pays for it. Mavrogeorge stated but not everybody pays for it. Developments and condos are going up – property owners will pay but a lot of incoming residents aren't contributing. The City owns schools that will be part of this. He added that it is about broadening the base and not hitting everyone like the General Fund. Baber stated that he understands the pain that a utility might cause but to say that a utility is inequitable flies in the face of what a utility is. People have to understand why the City would pursue a utility and feel it's a fair way to do it. Everyone will be facing similar problems. Dover tends to be ahead of the curve and sometimes that's a good thing because we can save costs. Bardwell raised the issue of who would administer a utility and added the committee's charge is to determine if there is a feasible option for funding stormwater and the City Council determines what comes next. He recommended implementation many years out. Walter asked to return to Ben's presentation.

Sweeney continued with a review the desired level of funding for stormwater management and flood resilience at \$3.5 million (\$1m for operating and \$2.5m for capital expenditures) and then walked through the Aldi example with different rate structures (proportional fee and tiered fee). He concluded by sharing that South Burlington, VT charges a utility on state roads and shared a potential similar scenario for Dover. Under this scenario the ERU rate would only drop 80 cents. Baber asked if any community has based credits on estimated cost savings, and asked that Sweeney and Houle come up with an estimate for a best management practice and the credit it could receive. Sweeney said it depends on the credit policy implemented. Krans asked whether the stormwater utility would include the schools and municipal buildings. Sweeney stated that is a question for the committee to determine if City infrastructure is included. Young stated that is how the City handles sewer fees. Sweeney reminded the committee that if the City pays everyone is essentially contributing because it would be paid for through the City's budget (General Fund).

B. Discuss General Fund and Stormwater Utility Impacts on Bonding and City Debt.

Sweeney connected with Dan Lynch (City Finance Director) to ask about using the General Fund to pay for future stormwater and resilience expenses. Lynch shared that if the City issued a bond for the \$2.5million gap in funding City would need to approve it and the average single family residential would increase \$17. It would also have an impact on the City's credit rating but a continued bond issuing would have an impact and



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would affect the rates available for the City for future borrowing. If the City allocated \$2.5m for principal and interest costs, the City could authorize \$28m for bonding because principal and interest would be \$2.5m and that increase in the General Fund would be funded through additional property taxes which would increase by \$200. Bonding that \$28m would exceed the City Council's debt limit for the General Fund and for the percentage of the budget that is expended on debt services. Krans asked about borrowing \$2.5m in successive years vs. borrowing \$28m in one year and the impact it would have. Sweeney said the \$28m bond wouldn't spend the funds in one year, but would spread them out. Nedelka asked if the \$2.5m figure was based off of \$3.5m and \$2.5m of that is capital investment. Sweeney answered saying the \$2.5m is capital and the City would not bond for operations – that's the \$1m from the General Fund (current). Krans asked about the 73 communities with stormwater utilities and whether and when EPA is going to require Dover to build a new wastewater treatment facility. Councilor Shanahan said he does not see a new wastewater treatment facility in the near future and that if the status quo remains there is no plan in the next 6 year capital improvements plan (CIP). Sweeney reminded Krans that he keeps referencing 73 communities with utilities but that is just the number who participated in one survey. There are well over 1,000 communities who have implemented stormwater utilities. Sweeney continued stating that needs and drives to implement those utilities are depended on the age of infrastructure, flooding, regulatory pressure, and requirements and that some are not facing any regulatory requirements. Walter asked to address two more future questions: 1) what might we have to do to have a bond or what we might have to do in terms of repairs. Also need to account for meeting EPA's 23-year plan requirements for nitrogen and water pollution abatement. Part of the adaptive management plan and agreement is that if the City does not meet those guidelines through expenses (new expenses) and does not meet some of those goals then we have a requirement of a \$100m sewer upgrade. Walter asked the committee to consider safety and security of property and people and shared that residents are currently experiencing flooded basements. The City needs to plan for the future and accumulate something equivalent to the \$28m without taking out a bond. Councilor Shanahan added that these are details the committee hasn't covered and are important for properly financially planning for the City. Kageleiry commented that wastewater treatment facility costs would likely come out of the sewer fee. Councilor Shanahan said yes, but maybe that the funds could be comingled. Baber asked if any communities that have a stormwater utility have a common utility commission. Sweeney offered to follow up. Kageleiry asked about City staff to administer a utility. Young responded saying it will likely be 1.5 FTE positions. 0.5 in water and sewer billing and 1 in inspections and oversight. Kageleiry commented that with over 8,500 properties in the City incentivizing everyone to have a separate review plan and inspection during construction would overwhelm staff responsible for inspections and argues the job is more like 4-5 employees which would increase administrative costs. Young disagreed.



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Walter suggested one way to ease inspection requirements is to include it in the application process and have a professional provide some of the resources. Young acknowledged that follow up and permit compliance has to improve. Krans pointed out that Northampton published in their annual report that they have 11 FTE and 33 part time employees suggesting that it incentivizes not having a robust crediting system. Nedelka agreed with Chad about overhead and staffing but suggested that part of the 1.5 FTE comes from when major projects are developed and improvements are reviewed. Kageleiry continued to argue that the 1% of credits implemented in the example communities shows that credits do not do a whole lot for property owners otherwise more people would take advantage of them. Nedelka responded saying that the 1% that take advantage of the credits do so because it is financially useful to them. Mavrogeorge pointed out that many of the inspections will be on small systems and will be quick – could do many in one day. He likes the phased in approach to give folks an opportunity to plan out long term (i.e., rethink parking spaces). Baber added that the crediting systems don't seem complicated and that it's ultimately a cost benefit issue. Credits should be based on the return to the community. Administrative costs are just part of the costs. Degenais raised the hospital scenario which has a very detailed stormwater management program. He proposed that if the hospital is charged a \$6,000 utility fee on top of inspections why would they do the inspections? Arguing that they would be paying \$6,000 to maintain stormwater and then would get hit with an additional fee for the impervious pavement. Geraci stated that he can't see the committee debating whether or not to implement credits and that if the City decides to pursue a stormwater utility they have to include credits. He added that he likes Walter's suggestion of a phased approach.

Krans asked for a straw vote to see where the committee stands. Walter asked for a draft document and suggested that if the committee votes on something they vote to continue a recommendation for the General Fund or a stormwater utility. She added that ultimately it is the City Council that makes the decision – likely some years from now. Bardwell added that the goal was to find more money to support stormwater and flood resilience projects and the committee can't tell City Council that half the committee is in favor and half is not. Sweeney reminded the committee that they are charged with presenting a recommendations report by the end of October. Councilor Shanahan responded saying the date is flexible.

Nedelka raised that if there is a majority vote on one item it does not mean the dissenting voices are not important. He added that the City Council needs to continue cooperative efforts and to push our neighboring communities to participate in meeting EPA compliance. Kageleiry agreed with Allen about taking a straw vote. Krans added that the straw vote does not lock you in and that everyone on the committee will have a chance to see the final report and see what is included for the justification before making a final



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decision. Councilor Shanahan entertained a motion. Discussion about types of motions from committee members. Baber raised the need for outreach and communications. Lyon commented that City Council is not implementing a utility as a result of the recommendations report and that outreach would be best conducted after the City Council's decision.

Motion: Baber motioned to charge the project partner staff to begin a report to support the decision of a stormwater utility that takes into consideration the need for credits as required by State statute and recommends implementation be staggered and the report be concise. Councilor Shanahan added that the final report won't be provided to the City Council before approved by the committee. Bardwell asked if there is an option to veto the report. Councilor Shanahan responded saying it will pass on majority vote. Kageleiry asked if the motion fails would the next vote to be preparing a document to support maintaining the stormwater funding out of the General Fund. Councilor Shanahan responded saying the second vote would be moot with a positive vote on the first one unless a member of the approving group votes to reconsider. Walter suggested avoid all of that and to make a motion asking for a document to be drafted that would support a utility adding that considerations of not only credits but also business disincentives, considerations of business issues, and the value of something associated with consideration for the General Fund as well. Councilor Shanahan summarized that the draft report will include vocalized considerations for the General Fund and Stormwater Utility. Krans agrees with the proposed motion but added the desire to preserve a minority report. Amended motion: Request the staff draft a recommendations report to the City Council for a stormwater utility and consider the outlined ideas, notation that the report won't be passed to City Council before a final majority vote and will allow minority to provide a minority report. Baber so moved. Degenais seconded.

Motion passed (6 yes; 4 no; 4 absent members not voting).

Bill Baber – yes

Paul Geraci – yes

Chad Kageleiry – no

Ken Mavrogeorge – yes

Jan Nedelka – yes

Cynthia Walter – yes

Allen Krans – no

Ray Bardwell – no

David Degenais – no

Eric George – yes

Kageleiry asked if the absent members will be allowed to vote in the final. Councilor Shanahan responded saying yes if they are in attendance.



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5. CITIZEN'S FORUM

None present

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

Next meeting is scheduled for October 25, 2021 at 5:30 PM.

Bardwell asked whether there will be an opportunity to review the full report and vote at the next meeting. Kageleiry suggested another session to edit the report. Councilor Shanahan suggested reviewing a preliminary executive report and does not anticipate the committee will vote at the next meeting. Walter asked if the report could include considerations for the need for public outreach and cautioned the report being posted without any context for the public. Degenais suggested a presentation be given when the committee delivers the recommendations report. Walter asked that the report include a frequently asked questions section so the public does not have to wade through many pages to understand what is going on.

7. ADJOURN

Motion: Nedelka; Second: Kageleiry

Councilor Shanahan declared the meeting adjourned.