STORMWATER AND FLOOD RESILIENCE FUNDING COMMITTEE - MINUTES

CITY OF DOVER

Meeting Type:	**Regular Meeting**
Meeting Location:	**City Hall, Council Conference Room**
Meeting Date:	**Monday, November 22, 2021**
Meeting Time:	**5:30 PM**

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

Members Not Present (excused): David Degenais, Marcia Gasses

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 5:33 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 OCTOBER 25, 2021 MINUTES**
   Motion: Krans made a motion to approve the minutes as presented; Nedelka second
   Page 2 amendment "weather" to "whether"
   Roll Call Vote: Motion passed with amendment (11 yes; 0 abstention; 0 no)

4. **NEW BUSINESS**
   A. Review homework responses and consensus indicated on utility set up considerations.

   Sweeney reviewed homework response from the committee including preferences for which options would be the most equitable including fee structures, exemptions, discounts, credit system considerations, and qualifying stormwater management actions. Sweeney included these considerations into the draft committee deliverables to see what the rate could be but acknowledged this is subject to change based on further discussion and questions among the committee.

   Kageleiry asked about credits for larger scale low-income HUD related properties and whether a distinction needs to be made and if it would include someone who owns a manufactured home (trailer). Sweeney responded saying the executive summary document suggests in the case of single-family residential properties the income level should be tied to tax abatement thresholds that already exist. For multifamily properties

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the credits should be tied to the number of tenants are in the HUD program. And that if those living in a manufactured home (trailer) meet existing tax abatement thresholds they should be included.

Krans raised the idea of property tax abatement is for senior citizens or low-income. Councilor Shanahan added that additional populations qualify for property tax abatement including the elderly, certain disabilities, and age, but that the list is worth revisiting. Krans added that for multi-unit properties the Dover Housing Authority in collaboration with the Housing Finance Authority can run a report to identify those eligible and that the task would not fall to City staff. Kageleiry asked about a landlord who accepts section 8 housing would receive discounts and if they would be eligible for partial discounts. Krans suggested using HUD specific funded housing instead of “affordable” housing. Baber added that if the discount is tied to those who already qualify for low-income tax credits then the City would already know who is eligible. Perry stated that some low-income folks will not be paying for any of this and the landlord may be the one receiving the discount. Kageleiry asked that the language be more encompassing and requested to see a budget that would reflect that estimate. Sweeney stated that based on the homework responses the committee proposed calculating impervious cover for each property (single-family and multi-family residential). Kageleiry stated further that he wants to know how much funding will ultimately be collected with exemptions and discounts in place. Nedelka commented that the committee is accidently co-mingling two populations: 1) people that own and 2) people that rent, and that manufactured home parks are a combination of both. Nedelka added that for the low-income discount would target the homeowners and the burden should be on homeowners to apply for it. In the case of trailers if the homeowner owns the trailer they could apply for credit. Kageleiry asked whether the homeowner who owns the trailer gets taxed on a rented lot. Perry responded saying yes, real estate tax and the same goes for the person who owns the land. Krans reminded the committee that low-income people are a small portion of the overall number of those impacted by a utility. Councilor Shanahan asked whether the committee does not want to disincentivize affordable housing or to incentivize affordable housing? Kageleiry suggested that the committee recommend a credit system in such a way that it could earn points toward a credit; to focus on credits instead of exemptions. Young cautioned the committee from developing a complicated program to not over burden staff. Councilor Shanahan recommended tying discounts to the existing qualifying criteria of age, disability, and income in the City. Walter suggested the committee review the Northampton example Sweeney provided as they have a clearer method for discounts. Baber asked Krans if he considered the difference between exemptions and credits. Krans responded saying he was willing to compromise on credits but that exemptions would be better. Kageleiry asked if the same crediting formula could be available to all property owners stating that everyone is due some relief. He suggested that HUD rents could be one criteria. Krans stated he agreed with Kageleiry but added that a credit system is designed for those who are mitigating the problem, but the discounts are not for folks mitigating. Kageleiry cautioned that the crediting system could grow too large and stated he was not in favor of a utility but wants whatever is recommended to be efficient. Young suggested the committee articulate that it is a priority of the committee to implement something administratively streamlined. Kageleiry stated that certain property owners shouldn't be paying as much and they are recognized as groups who should be treated differently. Baber stated that the benefit of a single category is that it is easier to communicate the program to constituents. Haight commented saying no matter how you look at this you have so much money you have to spend to maintain stormwater and that no matter the credits or exemptions the total number still exists. He added that if the City decides to pursue a utility you still need to have the same amount of money and that with credits and exemptions it is no longer equitable. Kageleiry stated that the credit system gives a property owner the opportunity to reduce or eliminate your payment and that he voted for the opportunity to apply for 100% credit. He added that by law he is required to demonstrate zero impact and that if can prove he met this design standard that he should receive 100% credit. Krans reminded the committee that the City gives credits now for property taxes. Haight added that as a result property taxes go up. Kageleiry commented that if a program is established people will start seeking credits but at least new projects are not adding to an existing problem. Even in newer projects there is no stormwater impact and there is an enormous amount of money going to the General Fund. These newer projects already satisfy the stormwater regulations and should not be taxed. Older projects would be getting some relief.

Walter raised the Northampton example again pointing to how they incentivize older projects that capture stormwater so that they incentivize maintaining and upgrading what they have already done. Kageleiry asked what percentage of Northampton residents apply for credits. Krans stated 11%. Walter clarified that the 11% is by numbers and not acres and that we do not know how it is working or if it is working. Haight asked if a crediting program would mean some of the stormwater budget would come from the General Fund. Perry stated that no instead you would change the utility rate. Haight responded saying that is placing the burden on those already paying. Baber said that if a property performs up to an amount you can get that credit but that it's not likely a property would receive 100% credit. Nedelka clarified Haight's concern stating the concern is with legacy properties who will feel the system is unfair because they have stormwater that cannot be improved. Haight responded saying he understands the incentive of reducing impervious cover and getting credit but there is a certain amount that you cannot get rid of and asked if the $3.5m gap in funding is still needed if all properties reduced their impervious cover. Nedelka responded to Haight's statement saying that just as everyone present who pays property taxes sees an increase in taxes to subsidize those receiving relief, we would anticipate a similar increase that we've decided is acceptable. He continued stating the credit system is one the committee is legally obligated to do but that it also makes the program more fair and palatable. He added that the committee is charged to come up with general calculations and to emphasize what we feel is important. Kageleiry clarified that he was talking about whether the committee can agree that instead of having all catergories in multiple places that they could be in one place – one place to direct folks looking for relief. Krans raised a point that there are really two categories: 1) mitigation and 2) individual circumstances and suggested the committee retain that distinction. Councilor Shanahan summarized the conversation that the committee is recommending credits that can be in as many cases as possible in existing criteria (property tax exemption credits) and that two categories exist (physical and financial). Physical is what you do to improve water quality and if you go above and beyond you could be considered for substantial credits. There was general agreement among the committee.

Sweeney offered to incorporate the considerations into the report. Krans added his interest in a credit for the once in a lifetime developer who develops a state-of-the-art systems and takes care of their stormwater on site. Kageleiry stated the credit language as currently written reflects that and that developers are required to have no downstream impact. Young clarified that when a developer implements a best management practice for phosphorus, nitrogen, or total suspended solids to meet City requirements there is a 40% reduction so there is still an increase in impact.

Geraci reminded the committee that the City Council will have the ultimate decision and will get push back from residents and developers. He asked if a person was getting a break on their property tax, but they won't get a break under the utility would that be a problem. Kageleiry responded saying whatever is giving them the discount or break on the property tax should be included in the credit language. Perry added that the City has two examples in water/sewer utility and solid waste and that neither of those systems have any exemptions or credits for any kind of income requirements. The difference, he continued, is that we have a situation where there are different classes of users based on the characteristics of their use and that's what the committee should focus on. Geraci asked if the City starts moving more things out of the general fund into more utility based fees are we going to say there are no longer discounts for the elderly? Perry responded saying if we want to do that we should stay with the general fund/property taxes and that he's not sure it is fair to people who are putting their money into a new development. Kageleiry reminded the committee that 40% of the impervious cover is from the municipality and will stay in the general fund. Bardwell added that the committee is trying to design a fee structure at a finer scale and we should take what we have to the council and recognize it is going to take an engineering team and another committee to determine what fee structure works best. We need to agree on a package to send to the

Council. Councilor Shanahan agreed that while the committee is talking details, the committee needs to put together principles to present to the City Council. Kageleiry commented that it is hard to get behind the process without understanding what the committee is recommending. Baber responded saying the committee is determining what is worth crediting from a social perspective. Baber continued saying the committee should address how the City's properties are handled, mainly the roads. If they are not exempt then the bill will be paid out of the General Fund but maybe that is the equitable way to deal with that and to improve incentives. Nedelka commented that one of the reasons to exempt the City streets was to incentivize the municipality to come up with ways to save stormwater when we make major capital improvements.

B. Discuss integration of minority input into the Committee recommendations report

Sweeney raised the concerns and limitations from the committee and wants to ensure they are captured in the final report so the Council is presented with the comprehensive thoughts of the committee.

Bardwell presented a drafted motion for a report to the City Council that incorporates some of this discussion and recommended a public hearing be held before presenting to the City Council.

Kageleiry asked if there can be a referendum question for just property owners. Nedelka and Perry responded no. Perry commented that he didn't realize this was associated with the Great Bay Clean Water Act and thought it was a way to streamline the City's stormwater management system. Kageleiry explained the two are linked. Haight stated this is where this all stems from; old infrastructure, mandate for nitrogen and phosphorus, and finally stormwater. George asked why the City hasn't been putting money way for this before. Krans recommended acknowledging the tax light appearances of the utility. Councilor Shanahan reminded the committee that the property tax will not include the $3.5m for stormwater. Kageleiry stated under the tax cap that $3.5m will get allocated elsewhere quick. Baber raised the idea of communicating this in tandem with the federal regulations saying it is a new program created at the request of the committees to create a more creative and less expensive way of dealing with nitrogen and water quality in the Bay. The other path – through the wastewater treatment facility – is exorbitantly expensive. He shared that EPA has given the City a longer timeline and is working with the City to come up with creative options. If the City fails to take this opportunity, we will face higher costs in the future.

Geraci directed the committee to the FAQ document and commented that is does a great job addressing questions about how this utility is different than a tax. Nedelka asked

Bardwell to share his letter with Sweeney. Geraci suggested a sample survey of the community to gauge public opinion. Walter asked that the $3.5m be better explained in the larger document as it is in the summary and FAQ. She then asked about timing for communications and outreach. Councilor Shanahan said if the new council gets the recommendations from this committee and the City Council decides to proceed that would trigger a 9–12-month outreach plan. Kageleiry commented that the report currently recommends a utility but that there was discussion tonight of a bifurcation program with the City's piece staying in the general fund. Councilor Shanahan stated that is the type of high-level principle based recommendation that should go to the council. Young reminded the committee that they supported that in the homework as well.

C. Review substantial revisions to the Committee deliverables

Sweeney updated the committee on the three deliverables:

- FAQ document – encouraged committee to look through it and identify any missing pieces; the FAQ will be the more public facing document;
- Executive summary of the recommendations report
- Recommendations report

Councilor Shanahan asked if anyone needed a hard copy for review. No one responded.

Sweeney asked if the committee can vote on recommendations at the next meeting. Lyon asked when the City Council is anticipating receiving the report. Councilor Shanahan said there is a flexible deadline and it will be more important to provide enough time to allow for as much participation is possible.

5. CITIZEN'S FORUM

Kean McDermott – resident of 128 Back River Road attended. No comments.

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

Next meeting is scheduled for January 10, 2022 at 5:30 PM.

7. ADJOURN

Motion: Perry; Second: Nedelka
Councilor Shanahan declared the meeting adjourned.