DOVER STORMWATER & FLOOD RESILIENCE UTILITY – FREQUENTLY ASKED QUESTIONS

**The information provided in these FAQs is based on the Committee's recommendations only. If the City decides to accept the Committee's recommendation to consider pursuing a stormwater and flood resilience utility, a public outreach and input process will be conducted and could result in changes to the structure of the utility and related details provided in these FAQs. These FAQs are primarily intended to educate the public and address potential concerns property owners may have related to a stormwater and flood resilience utility. To identify additional questions property owners may have and ensure answers provided make sense, it would be beneficial to share these FAQs with a sample of residents less familiar with the Committee's efforts. Once FAQs are ready to be published, they should be made available on the Committee webpage and/or the City's Stormwater Management webpage along with links to the Committee's Summary of Recommendations and the Findings and Recommendations Report, as well as contact information for requesting additional information.*

Why is it important to manage stormwater? Stormwater runoff is rainfall or snowmelt that flows over land and does not soak into the ground. Impervious surfaces such as rooftops, driveways, and parking lots create the most runoff. As it travels, stormwater runoff picks up oil, chemicals, bacteria, sediment, and other pollutants and deposits them into local water bodies. Stormwater runoff has contributed to the impairment of Willand Pond and the Bellamy, Cocheco, Salmon Falls, and Piscataqua Rivers, meaning these water bodies do not meet certain federal standards for fishing, swimming, or drinking. Additionally, heavy rainfall can lead to excess stormwater runoff, which can overwhelm the capacity of the City's storm drains, causing water to inundate roads and public and private property. Therefore, reducing stormwater runoff can prevent flooding related traffic disruptions and residential basement flooding. Reducing stormwater runoff also reduces the volume of stormwater that flows directly into streams and rivers and thereby reduces the potential for riverine flooding, which could also result in damages to infrastructure. For example, the City has identified 24 critical facilities and transportation assets worth over $78 million in high flood risk areas alone. In addition to improving water quality and reducing flooding, stormwater management can also protect drinking water and reduce drought impacts by allowing stormwater to recharge groundwater supplies.

What stormwater infrastructure does the City own and maintain? The City owns and maintains approximately 65 miles of drainage pipe, 101 miles of open drainage, 450 stormwater outfalls/discharge locations, 140 culverts, 100 drainage manholes, and 3,200 catch basins. Parts of this stormwater system were constructed over 100 years ago, and in many areas the pipes are now too small to handle heavy rainfall events, which can lead to flooding.

How is the City's stormwater regulated? The City is subject to two federal permits administered by the US Environmental Protection Agency (EPA). The first is the Municipal Separate Storm Sewer System (MS4) Permit which requires the City to implement minimum control measures that minimize harmful pollutants entering local water bodies. The second, issued in November 2020, is the Great Bay Total Nitrogen General Permit which requires the City to reduce nitrogen loading into the Great Bay Estuary. In March 2021, the City also entered into a settlement agreement with the Conservation Law Foundation that requires the City to commit to improve water quality in the Great Bay. This means the City must invest in additional stormwater treatment. However, pollution reduction targets cannot be met through stormwater quality enhancements on public property alone. Stormwater management and pollution reductions from private property will be needed as well.

How much does the City currently pay for stormwater management? Many of the City's stormwater and flood resilience activities are conducted by the Community Services Department's Stormwater Program, which had an operating budget of $1,019,449 in FY21. However, total costs of stormwater management and flood resilience are much higher, including capital improvement projects, professional staff time, legal fees, and emergency services staff time related to flood response activities These additional expenses are currently funded by General Fund and small grants or low-interest loans. An annual average total cost of approximately $3.5 million has been spent on stormwater management and flood resilience each of the past five years.

Why are stormwater management and flood resilience costs increasing?

- Increasing Development: As the City grows (Dover is currently one of New Hampshire's fastest growing city), new buildings and parking lots prevent the natural infiltration of stormwater, exacerbating flooding, water pollution, and property damage.
- Increasing Flood Risk: Over the last 50 years, the National Climate Assessment (2018) has observed increasing rainfall intensity in the northeastern United States that exceeds increases observed in all other regions of the country. Furthermore, the New Hampshire Coastal Flood Risk Summary, Part I: Science (2019) reports extreme precipitation events will become more frequent, and the New Hampshire Coastal Flood Risk Summary, Part II: Guidance (2020) recommends planning for at least a 15% increase in extreme precipitation. As identified in the 2018 Climate Adaptation Chapter of the City of Dover Master Plan, parts of the City's stormwater system are deteriorating from old age and are not sized to handle the volume of stormwater runoff from current and future storms.
- New Regulatory Requirements: In November 2020, the US Environmental Protection Agency (EPA) issued the Great Bay Total Nitrogen General Permit requiring the City to reduce nitrogen loading into the Great Bay Estuary. The City must increase investments in stormwater treatment to comply with the permit or face substantial penalties.

Why can't the City continue to fund stormwater management the way it has been done in the past? The General Fund annual allocation to the Stormwater Program operating budget ($1,019,449 in FY21) is inequitable, unreliable, and inadequate to meet current and future needs. Furthermore, since the Stormwater Program has to compete for General Fund dollars, many other services and projects with broad public support take precedence for funding, which can result in deferred planning, maintenance, and capital improvements. Dover already has a growing list of deferred stormwater and flood resilience projects in excess of $5 million due to insufficient funding.

What is a stormwater and flood resilience utility? A stormwater and flood resilience utility is a dedicated funding mechanism to pay for a community's stormwater management and flood resilience activities. Much like an electric, gas, water, or sewer utility, the stormwaterand flood resilience utility assesses a user fee based upon a measurable factor: how much stormwater runoff a property generates. Therefore, the fee is determined by assessing how much impervious area, such as rooftops or pavement, is on a property. The revenue generated from the fee supports stormwater-related services and improvements, as well as flood resilience and planning efforts.

Has this been done in other places? Stormwater utilities are common across the country, with more than 1,700 in operation across 41 states. In New England, 24 communities have implemented utilities, more than half of which were implemented within the past five years. Dover is one of four communities in New Hampshire that are currently researching a stormwater utility.

How is a utility fee different from a tax? Like the City's water and sewer utilities, a stormwater and flood resilience utility is not a tax. A utility charges a user fee based on the stormwater generated by each property, which must then be managed by the City's stormwater system to prevent flooding and water pollution throughout the City. Conversely, the current approach to paying for stormwater and flood resilience expenses through the General Fund (property tax revenue) is based on property value, which does not reflect the amount of stormwater a property generates. By collecting stormwater and flood resilience fees, the amount collected through property taxes for stormwater and flood resilience management is significantly reduced.

Why should the City consider a utility rather than continuing to rely on the property tax to fund stormwater and flood resilience?

- Equity: In Dover, 55% of property tax revenue comes from single family residential property owners, but these properties account for only 25% of the City's impervious area. Therefore, single family residential property owners are paying more than their fair share for stormwater management and flood resilience. Commercial properties with large parking lots and buildings generate significant amounts of stormwater runoff, but their property taxes are not linked to the City's stormwater management and flood resilience costs in a meaningful or rational way. City owned properties and other tax-exempt properties do not

currently contribute to stormwater management and flood resilience costs even though they generate stormwater runoff that must then be managed by the City. If a utility is established that charges a fee based on the amount of impervious surface on each property, all property owners would bear a fair proportion of the City's stormwater management and flood resilience cost burden.

- Transparency: Fees collected through a stormwater and flood resilience utility would be added to an enterprise fund (separate from the General Fund) and would be used only for stormwater management and flood resilience.
- Sustainability: Fee-based revenues would provide dedicated, consistent funding for long-term investments and annual maintenance needs, thus reducing long-term costs for projects and decreasing debt services for City loans.
- Incentives: A stormwater and flood resilience utility encourages property owners and developers to implement stormwater runoff controls on their property. Over time, this reduces pollution, flood risk, and the costs to property owners.

How much impervious area does the City have? *Quantities are based on best available impervious area data (2015).*

Property Type	Total Impervious Area (sq. ft.)	Percent of Total
Single Family Residential	26,230,478	25%
Commercial, Multi-Family, and Other	30,123,126	28%
Tax-exempt/nonprofit	9,018,743	8%
Municipal	4,100,604	4%
Public Roads	37,018,812	35%
TOTAL	**106,491,763 sq. ft. (approx. 2,445 acres)**	**100%**

Why should the City create a utility now? What is the urgency? Dover already has a growing list of deferred stormwater and flood resilience projects in excess of $5 million due to insufficient funding. Such delays lead to increased project costs and flood risk. Additionally, the City must increase investments in stormwater treatment to comply with new regulatory requirements or face substantial penalties. Immediate investment in stormwater and flood resilience infrastructure is necessary to avoid costs becoming insurmountable. As such, on August 12, 2020 the Dover City Council adopted a resolution (R-2020.08.12-130) establishing an Ad Hoc Committee of diverse stakeholders to study and make recommendations on funding solutions for stormwater and flood resilience.

How would revenue from utility fees be used? Revenue from utility fees would be used solely for stormwater management and flood resilience activities in the City. This includes replacing aging infrastructure, maintaining existing systems, stormwater quality enhancement projects, projects that reduce flood risk to private and public infrastructure, and complying with regulatory requirements.

How would the utility fee be calculated? To generate $3.5 million annually for the Stormwater Program, the utility rate would need to be approximately $9.39 per equivalent residential unit (ERU) per month. All developed properties in Dover would pay $9.39/month multiplied by the number of ERUs on their property. The number of ERUs would be determined by dividing the amount of impervious area by 3,430 sq. ft. – the average amount of impervious area on Dover's single family residential properties.

What properties would be subject to the utility? Stormwater runoff generated by any property must be controlled and conveyed once it leaves the property so that it does not create problems for the City. Furthermore, all property owners benefit from flood resilience throughout the City. Therefore, the fee would apply to all developed properties that have impervious surfaces. This includes residential, commercial, tax-exempt, and government-owned properties and roadways.

Why should I have to pay? I have no drainage problems. You may not have a visible problem, but the runoff generated from your property contributes to problems downstream. The approach taken by this program recognizes that everyone contributes to runoff and pollution and everyone will share in the benefits of improved water quality and reduced flooding.

How much more would this cost me? The average homeowner already pays $58.04 per year for stormwater and flood resilience management. If the City continues to use property taxes to pay for the increasing costs of stormwater management, this would rise to approximately $203.14 per year to generate the $3.5 million needed annually for necessary stormwater and flood resilience operation and capital project costs. A stormwater and flood resilience utility that provides a more equitable distribution of these expenses would cost the average homeowner approximately $112.68 per year. Although stormwater management and flood resilience face unavoidable increases in cost, a utility would lessen the increased cost burden for homeowners.

How could I reduce my rate? The City would offer various types of credits that provide opportunities for all property owners to reduce their rate. For example, credits would be awarded to property owners that reduce the volume of stormwater or stormwater pollution from their property. Reductions can be achieved through on-site controls such as detention ponds, permeable pavers, and other types of green infrastructure. Additionally, low-income and affordable housing credits would be considered for single and multi-family residential property owners. These credits and other social equity credits for veterans, elderly citizens, citizens with disabilities, and citizens who are blind or deaf could be automatically applied to a property owner's utility rate based on the Assessor's Office records of residents who currently qualify for the City's corresponding Property Tax Credits.

How often could the City revisit and adjust rates? The Piscataqua Region Estuaries Partnership provides updated impervious area data for communities in seacoast NH every five years, offering a consistent opportunity for the City to reevaluate the number of billable units for each individual property. Similar to the City's water and sewer utilities, the rate for each billable unit could be reviewed and approved each year by the Dover Utilities Commission and City Council, but the frequency of such a review has yet to be determined.