

# Memo

**To:** Selectboard

**From:** Richard McGuire,  
Town Manager

**Date:** October 28, 2016

**Re:** Residential Expired Permit Policy

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As you know, a group of residents representing several neighborhoods with expired residential permits have requested the Selectboard consider paying for a portion of their costs for bringing the stormwater system that serves their neighborhood up to state standards. Specifically, they are requesting the town cover a portion of the cost equal to the percentage of impervious surface from the town roads within their neighborhood. To implement this request, The Board will need to revise the Residential Expired Stormwater Permit Policy adopted by the Board on May 18, 2015. A copy of the existing Policy is included with this memo. A change in each of the 18 Stormwater Agreements signed by neighborhoods may also be required.

The Expired Permit Policy was predicated on each neighborhood upgrading their stormwater system at their expense. In exchange, the town agreed to take over these systems and include them under the umbrella of the town's stormwater permit. This decision provided a major benefit to those neighborhoods in future cost savings and headaches. An estimate on the long-term value of this has been calculated for most of the affected neighborhoods. **It is important to note this is not a benefit that has been offered to neighborhoods with valid current (unexpired) permits.**

The amount of impervious surface directly relating to the Town roads varies from a low of 0% to a high of 48%. However, not all runoff from the roads goes into neighborhood system and it would require an analysis performed by consulting engineers to calculate the town's contribution of impervious cover. By using the current estimate of town owned impervious within expired permit neighborhoods the Town would be responsible for \$577,000 (48%) of the \$1.2 million price tag for stormwater improvements. There are numerous ways of shifting this cost. For example, if the cost is shifted to the general tax base, this represents an increase in taxes of about 3 cents given that our tax base currently generates about \$190,000 per penny on the tax rate. This amounts to \$30 increase in taxes for every \$100,000 in value. For example, a home valued at \$400,000, this amounts to \$120 in additional taxes. There are 971 households with expired permits out of a total of 3,348 households in town.

However, since this is an issue relating to stormwater, an argument could be made that this cost should be shifted to the stormwater fund as the base. Using this method and using all properties with impervious surface, many property owners will see a \$40 additional charge in their stormwater fee but many could see a much higher increase. If the cost were to be only spread between neighborhoods with expired permits, the cost per household is about \$600. There are about 970 Equivalent Residential Units (ERU) with expired residential permits out of a total of 14,555 ERU's. It is certainly possible to spread the cost shift out over a period of time but the net result is the same. Some pay less and some pay more.

The Town's stormwater program as it is currently structured has been a success despite the complexity of issues involved. It represents a delicate balance of responsibilities and cost distribution. It also represents an approach that is fair to all town residents and/or property owners although some may dispute this assertion. If the Board is to consider a change in the previously approved policies and agreements this balance will change and a large number of questions will need to be addressed. A sample list of some of these questions is presented below:

1. Should the Town consider taking over the valid permits for maintenance as well?
2. The cost of improvements for each neighborhood is in part a function of whether or not a stormwater system was constructed as required under their state permit and how well each system has been maintained over the years. Should some factor be used to address this variable?
3. Since not all runoff from town roads goes into a neighborhoods stormwater system, should this variable be part of the calculation?
4. Should the town contribution include just construction costs or design and permitting costs?
5. If the cost is shared, how will this cost be shifted? Should it be shifted to the general tax base, the stormwater user-fee base or just to the neighborhoods with expired permits?
6. Should the cost shift be a one-time rate/tax increase or done gradually?
7. Why should residents who have no stormwater permit or those who have a valid (unexpired) permit pay a portion of the cost to fix those systems with expired permits?
8. If the costs are shifted for those with expired residential permits what about those with expired non-residential permits?
9. Should the loan program be reconsidered or reconfigured?
10. Should the Town agreement to take over the expired permit systems be reconsidered? For example, should the neighborhoods be required to pay a portion of future maintenance based on the same percentages proposed for payment of improvements?
11. How do we approach neighborhoods who do not wish to re-open agreements? For example, Pleasant Acres has completed their work already and four neighborhoods don't have any public roads.