

## Replacement of Lake Fairlee Dam -- The Numbers

For three years, the Selectboards of Fairlee, West Fairlee and Thetford have worked together to come up with a solution for the failing Lake Fairlee Dam. While we all appreciate the lake as a natural resource, our objective has been entirely focused on protecting our tax base. Failure of the Lake Fairlee dam would have a negative impact on all taxpayers, not just those who own lake frontage.

**What's at stake?**

**The Real Estate Value of Property Fronting on Lake Fairlee is \$64,314,900 million.**

As noted below, the Selectboards are in agreement that the equalized value of property fronting the lake is the fairest way to divide up the cost of replacing the dam.

The "equalized" value of all property fronting on Lake Fairlee is **\$64,133,194 million**:

- **Fairlee:** 34% = **\$28,413,091**. This equals about 11% of Fairlee's Grand List.
- **Thetford:** 44% = **\$21,802,497**. This equals about 8% of Thetford's Grand List.
- **West Fairlee:** 22% = **\$13,917,605**. This equals about 20% of West Fairlee's Grand List.

### **Property Tax Revenue Annually Generated by Property Fronting on Lake Fairlee**

In **2014** the property fronting on Lake Fairlee generated about \$1,333,877 dollars in property tax revenue:

- **Fairlee:** **\$417,556** per year.
- **Thetford:** **\$615,243** per year.
- **West Fairlee:** **\$301,078** per year.

### **What is The Cost of Doing Nothing and the Dam Fails?**

Detailed studies and engineering analysis of the existing dam structure have clearly determined that **it is not a question of if, but rather when the present dam will fail** and lower the water level on Lake Fairlee. Conservatively, if the values of those properties fronting on Lake Fairlee were negatively impacted by 20% -25% -- a loss of \$12,900,000 - \$16,100,000 dollars in real-estate value - this would then impact the Grand Lists and therefore property tax revenues every year in each of the three towns.

- **Fairlee:** \$417,556. X 20%/25% = a loss of **\$83,511 - \$104,389** per year.
- **Thetford:** \$615,243. X 20%/25% = a loss of **\$123,049 - \$153,811** per year.
- **West Fairlee:** \$301,078. X 20%/25% = a loss of **\$60,216 - \$75,270** per year.

### **The Cost of Replacing, Owning and Managing the Dam**

The Selectboards believe that the most equitable way to share the cost of replacing and owning the Lake Fairlee Dam is by the Percentage of Equalized Value of Lake Property (see above). Each town will be asked to individually bond for its share of a **bond not to exceed \$850,000**. Assuming a 20-year bond at a 2.75% interest rate, it breaks down as follows for each town:

- Fairlee:  $34\% \times \$850,000 = \$289,000 + \$83,514 \text{ int} = \$18,626 \text{ +/- yr for 20 years}$
- Thetford:  $44\% \times \$850,000 = \$374,000 + \$108,077 \text{ int} = \$24,104 \text{ +/- yr for 20 years}$
- West Fairlee:  $22\% \times \$850,000 = \$187,000 + \$54,039 \text{ int} = \$12,052 \text{ +/- yr for 20 years}$

**Tax Payer Costs: Addressing the Problem vs Ignoring the Problem**

If the problem is not addressed, and when failure of the dam occurs, the annual tax bill for lake front properties will go down because of loss of property value. Each of the three towns will then be faced with increasing taxes on everyone else to meet the annual budget. Assuming a 20 year bond note for each of the three towns, we project the following:

**Your Approximate Future Tax Bill Based Upon Owning a Piece of Property Valued at \$250,000**

	<u>Borrow the Money and Replace the Dam</u>	<u>Ignore the Problem and Not Replace the Dam</u>	
	<u>All Properties</u>	<u>Non- Lake Front (\$250,000)</u>	<u>Lake Fairlee Lake Front (avg)</u>
Fairlee:	+ \$23.	+ \$102 to \$128	-\$2,800 to -\$3,600
Thetford:	+ \$18.	+ \$90 to \$112	-\$1,758 to -\$2,197
West Fairlee:	+ \$43.	+ \$213 to \$266	-\$3,169 to -\$3,962

Note that if the problem is ignored, the cost to non-lake front property owners is over four to five times the amount required to borrow money and replace the dam.

**Won't the State of Vermont step in if the dam fails? NO**

The State of Vermont is under no obligation to maintain or replace this aging and failing privately-owned dam. In fact, there are approximately 1,200 dams in Vermont; about 300 are State-owned (and this is not one of them). There are no State or Federal funds available to replace the Lake Fairlee dam.

The Tri-Town Committee and the Selectboards of Fairlee, Thetford, and West Fairlee appreciate your attention to this important matter. We ask that on **Tuesday, May 19<sup>th</sup>**, the citizens of our three towns **vote to support both the Bond to borrow the money and the Interlocal Contact**. Let's put behind us a problem that has been vexing our towns for more than half a century. Please feel free to ask questions of your Selectboard and Tri-Town Committee members who have been representing their town on this matter for the past three years.

<b>Selectboard Contacts:</b>	Fairlee – Jay Barrett	333-4582
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	West Fairlee – Fred Cook	333-9905

**More information at:**

[www.lakefairleedam.info](http://www.lakefairleedam.info)    [www.fairleevt.org](http://www.fairleevt.org)    [www.thetfordvermont.us](http://www.thetfordvermont.us)    [www.westfairleevt.com](http://www.westfairleevt.com)