



TOWNSHIP OF FERGUSON

Credit Program Policy Summary for Stormwater User Fee Structure

Electing to develop a credit program within the Stormwater Utility can provide the Township a variety of benefits, including:

- Providing ratepayers with a method to reduce their stormwater fee
- Increasing public education opportunities
- Increasing public involvement in the stormwater program
- Maintaining a high level of functionality of stormwater infrastructure
- Increasing private investment in stormwater management
- Supporting opportunities for the installation of structural or non-structural BMPS on private property.

Typically, a credit program will offer credits that fall into one of these three categories:

- structural,
- engagement, and
- operational.

Structural credits are associated with a ‘structural’ or ‘non-structural’ BMP, such as installing an infiltration facility or the disconnection of impervious areas. These types of credits have a direct and quantifiable impact to water quality and/or flooding mitigation.

Engagement activities are often aligned with public outreach, and education programs, such as stream clean ups and inlet stenciling. While these types of BMPs are already included in the Township’s MS4 requirements as MCM #1 and MCM #2, incorporating them into a credit or incentive program can help increase involvement. These do not typically have a direct impact on water quality, but by raising awareness to environmentally friendly practices, indirectly benefit the quality of stormwater. For example, when a resident is made aware that inlets do not flow to a treatment facility, they understand it is not appropriate to discard chemicals and harmful items into the inlets.

Operational credits are associated with the operation and maintenance of ‘structural’ and ‘non-structural’ BMPs, including annual inspections and the execution of a maintenance agreement. These types of credits would help to lessen the Township’s administrative burden to conduct and report on inspections of individual BMPs.

Some communities have utilized “incentive programs” in conjunction with their credit programs. Incentives are not a form of credit, but rather they provide for an opportunity to allow the Township to partner with property owners to implement such BMPs. For instance, the Township may identify a strategic location for a new BMP, yet the lands are privately owned. An incentive program would provide some limited financial relief for the owner to allow the facility to be constructed on their property. In this arrangement, both parties receive a benefit. This concept could certainly be utilized to address a specific SAC suggestion of leveraging a credit program to promote the recharge of groundwater in key geological (water recharge) areas of the Township.



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Additionally, the SAC recommended evaluating the current stormwater ordinances to ensure the standards regarding discharge requirements and total impervious cover are in alignment with the Stormwater Program goals.

While a credit program can offer various positives aspects to a Stormwater User Fee Program, one question that should always be considered when evaluating the development of a credit program is whether the value of the 'impact to the system' is worth the additional administrative/overhead burdens that may result. For example, Rain Barrels as a best practice, typically require oversight to make sure the collected runoff is utilized yet, due to their scale, they provide a very limited water quality or flooding improvement.

Participation and Initiation of a Program of Credits:

The anticipated level of participation in the credit program and the estimated revenue reduction associated with potential credit holders needs to be accounted for in the cash flow analysis and ultimately the stormwater rate. The Stormwater Advisory Committee acknowledged these implications of “offering and maintaining” a credit program as a reason to introduce the program strategically in order to offset the impact. Specifically, the SAC indicated their desire would be to focus on the Stormwater Program itself with the development and introduction of a credit program be delayed until the stormwater services are fully functioning and asset data has been collected to confirm/refine the scope of the program

More specifically, the SAC has recommended delaying credits to homeowners (residential properties) for a few years after initial program establishment. This roll out will align with the SAC’s goal to minimize the administrative burden of a credit program but maintain the oversight to ensure the credits are appropriate and can contribute real value to the community. The credit program, initially, would be offered to non-residential properties. The non-residential sector offers a greater return on investment for improvements to both water quality and flood control/mitigation. Further, the level of accountability and available resources for non-residential to operate/maintain a BMP is greater than with residential properties. Credits should never be given as a “handout” whereby everyone receives one. This approach denigrates the value of both the credit and of the revenue generating abilities of the fee program. Each credit offered must be considered in the context of revenue versus a gain in some other aspect of the program.

MS4 Credits

Within Ferguson Township, there are some entities that currently are mandated to maintain their own MS4 permit. As such, it was agreed by all that other permitted MS4s should be eligible for a full credit from the MS4 portion of the Stormwater User Fee as they have been parsed out from the Township’s permit. This credit reduce 100% of the User Fee portion dedicated to MS4 compliance activities of the Township. The non-MS4 program costs will be charged since those properties are receiving a benefit from the Township’s Stormwater System and Program. Similar to other properties in the Township, these properties would have the opportunity to apply for various other credits in the program (to some yet to be defined maximum amount).

Structural Credits



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In order to qualify for a structural credit, the SAC has recommended that the design and impact to the BMP system must exceed the minimum requirements. The following table captures this concept as discussed:

	Voluntary Installation	Mandated Installation
Meets Min. Requirements	Good	
Exceeds Min. Requirements	Best	Good

Retrofits of older existing stormwater facilities are often used by communities to allow a property owner to be eligible for credits. The general thought is that the design standards between the time of “mandated” installation and now will likely provide for a greater water quality and flood mitigation impact. This type of credit scenario could allow for strategic facilities to be retrofitted to minimize downstream flooding, for example.

Credit Process:

The SAC has recommended that the Township be responsible for certifying an application for a credit, which would be valid for a period of 3-5 years. However, it was agreed that annual (self-certification) reports from the property owner be accepted. Structural BMPs are only inspected by the Township on a five-year cycle. It was further agreed that the Township should continue to randomly inspect BMP facilities, both as a mandate of the MS4 permit incorporated into the Townships existing BMP inspection program and also to ensure that rate payers who are receiving credits are properly operating their facilities.

Next Steps

The topic of credits is an integral discussion point in any stormwater user fee-based system. There is no preset template for how a credit program must be established or operated. There are communities that have absolutely no credit in their fee programs, while others are robust and have been successful in engaging ratepayers to achieve common goals. The choice to implement a credit program is one that must carefully deliberated. The increases in the level of administrative effort must be fully weighed to the potential gains that would result from the credit. The SAC unanimously agreed that a credit program is an aspect they would like to see in Ferguson Township’s program. However, they acknowledged that if a user fee is to be implemented, they want the initial focus to be on ensuring that the program is both cost and operationally effective.