

MEMORANDUM

To: Dave Modricker, Ferguson Township

From: Elizabeth Treadway

cc: Virginia Thornton PE

Date: June 5, 2020

Re: Stormwater User Fee – Credits Decision Framework

The purpose of this memo is to serve as a framework to help the Township understand the fiscal impact of a fee credit strategy as has been recommended for the stormwater user fee credit program, by the Stormwater Advisory Committee.

In the course of the previous workshop sessions, the Ferguson SAC opined that if a stormwater fee is enacted by the Township, the credit program associated with the fee should include:

- Up to 100% credit to MS4 permittees for the proportion of the fee directed toward the Township's MS4 compliance activities;
- Incentives for groundwater recharge;
- Specific credits that address agricultural business operations, recognizing both requirements imposed by regulations as well as those implemented voluntarily;
- Incentives for BMPs that exceed minimum stormwater management ordinance requirements;
- A process for ratepayers to self-certify their credit-earning activities, with the Township performing periodic spot checks of ratepayers; and
- If a physical BMP has a recorded Operations and Maintenance (O&M) Agreement executed, the need to set a lifespan in the credit program is not critical due to the minimum terms of the Agreement. If no recorded operations and maintenance agreement exists for a BMP in which an applicant seeks a credit, an O&M agreement must be recorded prior to receiving a credit.

In a follow up coordination session with Township staff, it was noted that the credit program would likely begin immediately in FY21 and would/should encompass a suite of credits that includes measures that are not just those as designated being "above" minimum levels (as required by the controlling land development, zoning and stormwater management ordinances). The following refinements were suggested in the course of the discussion;

- 10% for BMPs that promote/provide **quantity control** of stormwater runoff (e.g., volume controls promoting practices that retain and manage stormwater onsite)
- 20% for BMPs that promote/provide **water quality or recharge** of groundwater
- 10% for participation in or development and implementation of **educational** programs, or events that promote increased awareness regarding stormwater (not curriculum-based requirements at PSU for example)
- 100% credit of the value of Phase 2 NPDES permit compliance cost awarded to other **MS4 permittees** who hold an active and compliant permit (i.e., credit reduction awarded is based on the percent of Township budget for NPDES compliance activities)

- 15% credit for development applicants who **exceed the minimum** ordinance requirements voluntarily. Exceedance shall be considered as applicable when the required pollutant, volume or rate controls are exceeded by no less than 20%.

The following table presents credit types grouped into three categories. A list of potential eligibility criteria is listed for each credit type, as well as potential eligible credit applicants. If a potential credit applicant is not specifically listed, it is not necessarily precluded. Instead, it would be incumbent on the applicant to present supporting data to the Township to justify consideration and approval of including the activity or facility as a creditable item.

The various listed categories of credit applicants are intended to match the definitions as listed in the Zoning Ordinance. For example, Industrial activities would be those activities defined as Industrial and allowable in the zoning district according to the Zoning Ordinance.

The table also presents the elements of the Township's stormwater program that each credit addresses. A review of the Township's preferred program plan and the cost associated with each element could help to serve as the basis for the amount of credit offered to ratepayers.

Credit Category	Credit Type	Eligible Ratepayers	Potential Applicants	Eligibility Criteria	Credit Amt
Education and Engagement (these events are yearly and routine, the credit is valid for a three-year period and must be renewed by the end of the third year of award)	Public Engagement	All non-residential ratepayers	Community groups Businesses Non-profits	Provide opportunity for the entire Township to participate in stream clean-up, rain barrel workshop, etc. Achieve pre-defined measure of success (miles cleaned, lbs. removed, participants, etc.)	10%
	Stormwater Education	Schools	Schools	Deliver specific messages to target audiences consistent with Township PEOP	10%
Post Construction Stormwater Management (PCSM)	Volume Controls	All residential / non-residential ratepayers	Homeowners Local Businesses Agricultural Industrial Institutional	Demonstrate ability to retain at least 1" of rainfall onsite through infiltration, reuse or ET practices. Record BMP O&M Plan / Agreement and provide inspection and maintenance records	10%
	Water Quality	All non-residential ratepayers	Local Businesses Agricultural Industrial Institutional	Demonstrate ability to improve the quality of surface runoff prior to discharge from the site. May include natural (soil media, vegetation) or physical processes (filters, hydrodynamic devices, etc.) Record BMP O&M Plan / Agreement and provide inspection and maintenance records	20%
	Recharge	All residential / non-residential ratepayers	Homeowners Local Businesses Agricultural Industrial Institutional	Demonstrate ability to properly infiltrate the runoff volume associated with at least 1.5" of rainfall completely onsite. Record BMP O&M Plan / Agreement and provide inspection and maintenance records. Site to be located within strategic recharge zone(s) / soil types.	20%
	Voluntary Exceedance of Pollutant, Volume or Rate Control	All residential / non-residential ratepayers	Homeowners Local Businesses Industrial Institutional	Demonstrate that BMPs exceed minimum regulatory control requirements by at least 20%. Record BMP O&M Plan and provide inspection and maintenance records.	15%

Credit Category	Credit Type	Eligible Ratepayers	Potential Applicants	Eligibility Criteria	Credit Amt
	PCSM BMP Maintenance	Stormwater Management Plan Holder	Homeowners Local Businesses Agricultural Industrial Institutional	Where no agreement or maintenance program currently exists, record BMP O&M Plan and provide inspection and maintenance records	5%
Low Impact Development	Disconnected Impervious Area	Cemeteries Business campuses Parks Golf course	Township School District	Low ratio of IA to total lot area Downspouts, cartways, and sidewalks discharge to flat, vegetated areas Use of vegetated swales instead of storm sewer Periodically confirm continuance of DIA	5%
	Riparian Buffer/Floodplain Protection	Township Golf course	Golf course owners Township departments	Protection and maintenance of vegetated riparian buffers Record riparian O&M Plan and provide inspection and maintenance records	30%
	Nutrient Management Plan	Golf course	Golf course owners	Nutrient management plan implementation which is not currently being considered for Chesapeake Bay wide crediting	20%
Agriculture Business Operations	Compliance with state or federal mandates for E&S controls and/or manure management plans	Agricultural businesses only	Farmers	Current plans are in place and approved, as appropriate, by the Centre County Conservation District	15%
	Stream Buffer plantings or other BMPs to provide water quality treatment and controls	Agricultural businesses only	Farmers	Minimum 35' buffer on streams up to 150' buffer dedicated, managed and protected. Water quality BMPs, reviewed by CCCD and submitted to the Township for documentation.	20% to 40%

*Note: Credits as outlined above can be combined to a cumulative total **not to exceed 40%** of the total fee calculated prior to award. An exception is the 100% credit for MS4 NPDES permittees referenced on Page 1.*

Upon input and review by the SAC, the Township will prepare a manual on credits to identify what to offer and the maximum value of each.

In addition to the type and potential value of credits, input is requested of the SAC on the following concepts:

- Is there a cap on the credits an applicant can earn for a single parcel? 40% is being considered as stated above.
- Is there a cap on the value of credits the Township will award annually? Should the Township have a policy that a fixed cost for credits will be identified (e.g., no more than \$300,000 a year or no more than 25% of total revenue projected in a fiscal year)?
- If the Township sets up different service areas, should credits be different in each area?