TOWNSHIP OF FERGUSON

Ferguson Township – Stormwater Advisory Committee (SAC) Phase II Meeting #9
July 29, 2020 (@ 12pm – virtual by Zoom)

Attendees

Ferguson Township: Dave Pribulka, Dave Modricker, Ron Seybert, Eric Endresen
Wood / Gannett Fleming Team: Elizabeth Treadway, Virginia Thornton
Stormwater Advisory Committee: Scott Pflumm, Steve Balkey, Craig Bowser, Jason Little, Rob Cooper, Todd Irvin, Ken Jenkins, Albert Jarrett, Brian Hoffeins, Jim Carpenter, Wes Glebe, Jennifer Myers, Tom Songer

The following minutes/notes are intended to be an overview of the presentation and discussion that occurred at the above referenced meeting. They are provided to document the general content of those discussions so they can be used as a tool with future meetings and stormwater program discussions. They are not intended to be a transcript of the meeting. However, any noted differences, exclusions, or variations from personal notes of the meeting should be brought to the attention of the Township so that they can be considered for the final record. The following minutes were captured.

Welcome and Project Update

This is the last meeting and will summarize the program updates that occurred over the last few months. We reviewed the study goals; a series of questions presented by PowerPoint were a part of the original program and focused the development of a program to meet today's needs and the needs of the future for the Township.

Summary of Final Program

Discussion of Program Priorities - It was noted that various versions of the cost model have been evaluated. The program plan to address priorities were adjusted over time to address operational challenges and financial impacts.

Initial Infrastructure Assessment - originally programmed to be completed in two years but once the cost model was developed, 2 years considered was aggressive in relation to the financial burden. The Township revisited the process (contracted services) and adjusted the schedule to a seven (7) year timeframe. This timeline was established in review of the staffing and contracting capabilities. This is still a top priority of the Township – developing a full up to date inventory of the system and its condition.

- The Township is most comfortable with a seven-year assessment; despite the initial assessment goal of two years discussed over the past two years with the SAC. There was clear direction from the SAC to review the potential to complete the assessment on a more aggressive schedule. The financial impact of completing this effort in half the time increases the initial rates estimated. This requires a trade off of other costs, such as investing in the system for repairs and/or rehab.
- The program priority in the first five years is the assessment, with permit requirements being met and investment in corrugated metal pipe lining or repair.

Outstanding Policy Issues: Two Policy Decisions to review with the Board of Supervisors were identified:

  - In house capability for continued assessment and cleaning with a new Vac Truck. To assist in this decision, the following options were evaluated:

        - Wait until FY 27 to make the decision to lease-purchase or cash-purchase new equipment for inlet cleaning and inspection; or
        - Continue to contract for pipe inspection without Vac Truck purchase that supports both the pipe inspection and the inlet cleaning program (over 2000 inlets in the system).

        In either instance, there is a continued cost for ongoing system inspection and inlet cleaning.

    - Use of TIF (transportation impact fund) that currently supports CMP (corrugated metal pipe) lining.
        - This is currently in the CIP plan and budget to use TIF funds for CMP lining.
        - Whether this funding approach continues or should a stormwater fund be used to address CMP lining/repair was reviewed with two financial options: transition the funding over time to the stormwater fund or immediately move the CIP plan for CMP to the stormwater fund.

Initial Financial Assessment of Options

- Cash Funding the equipment purchase has a $100,000 annual impact on the program cost, that provides enough cash in FY 27 to purchase pipe inspection equipment, a new truck for the foreman, and a replacement VAC for inlet cleaning and pipe inspection program.
- Park Hills project is the cause of the large jump in total program cost in FY22; this will be debt funded via bonding. The fee structure pays the debt over time. ($1.5M funded by bonds for a 20-year period).
- All other program costs are consistent over the program options analyzed.

Rate Strategies –

- The Township has been refining the impervious area over the last few weeks to provide data for calculation of total billing units for use in rate estimations.
- A review of the Two Element Rate Structure (Base Rate + Growth/Non-Growth Area) basis was presented, as had been discussed in SAC Meeting #8, to address what cost elements are included and how they were calculated for each rate estimation. This included the Allocation of Costs between Service Areas (Growth Area/Non-Growth Area)
- A summary of the Billing Unit factos was presented. This was discussed in previous meetings.
    - Natural Rounding in the calculation of the billing units
    - 1 ERU = 3097 SF
    - 1000sf = billing unit regardless of land use.
- Graphs were provided to show the distribution of Billing Units and shows that it is fairly similarly distributed between ERU and 1000sf with the exception of the impact on the Ag. Classified Properties. (L refers to “vacant” by the Centre County definitions however there is impervious area present on those parcels).
- Histogram of Properties for Residential Properties. A histogram of the distribution of single family detached residential parcels was presented. This data is reviewed to determine if there is a need to add additional refinement to the ERU approach. Such refinement typically occurs when

multiple bell curves are identified, showing clusters of parcels with similar impervious area. That is not present in Ferguson. The following topics were reviewed.

- There is a trailing line demonstrating that there are a small group of single family detached residential parcels with large amounts of impervious area (IA), but it does not indicate that a tiered structure for residential rates is needed to create equity. Some communities have set a cap on these larger IA residential parcels.
- Redefining Agriculture Land Use - there are many properties classified as Ag by the County, but only have a house and no agri-business structures. When they're reclassified in the analysis to single family detached residential, the histogram shows the impact of long driveways on these parcels to the size of units measured on the histogram.
- Issue of Ag/Res-Only parcels: It is the recommendation of the Study Team that residential-only agriculture-classified parcel be shifted in the Master Account file to "residential." For equity, homes on agriculture classified parcels with agri-business-use be treated under the same policy in the ERU rate structure. One ERU for the residence will be used along with the IA associated with the Ag-Business measured separately. This has been applied in the GIS data by Township staff. This does not influence the rate under the 1000sf billing unit approach but does have an impact on the ERU approach.

- A histogram was presented to review ag-class residential parcels; these are not in the same category of IA as traditional residential since the driveways impact the total IA on the Ag-Res Only parcels.
  - Comments from SAC
    - The financial impact is the point of discussion - there may not be a 'better' solution. It appears more equitable to treat these Res-Only properties as Res since they are more similar to the other Res properties; this is not a special evaluation of this type of property (i.e. treating them as residential rather than non-residential, as the previous analysis did).
    - End User Payment - is it possible - blending the two billing types based on land uses for all properties: an ERU for Residential and a 1,000 SF Tier for Non-Residential? It was explained that the non-residential in the ERU analysis have a billing unit of 3097sf which is the median of all single family detached residential properties. This creates equity for fee calculation, equating all parcels to the same billing unit.
    - SAC member expressed his support for a preference for 1,000 SF based on equitability; paying for what you have/use (similarly to other utilities). He expressed a concern about the impact of stormwater from land use.
    - Why are the long lanes 'residential' when most of that won't drain to the stormwater system but would likely flow to the field? The rate structure is based on impervious area and no hydraulic analysis was completed to discern what flows where. The basis of the fee is impervious area or the "meter" for stormwater cost distribution. The driveway is considered residential because it goes to a residential land use property.
    - Even under the 1,000 SF billing unit, additional policy decisions may need to be made with regards to the driveways; however, the Township and SAC were cautioned about making exceptions to the rate structure with the potential that it could call into question the basis of the change.

<u>Credits – Review of Material Provided in Meeting #8</u>

- Communities often set a cap in the range of 40-60% based on the costs in the program. Additionally, not all credits are equal in offset value which is based on the overall priorities of the program. The purpose of the credit is to acknowledge a private investment for a public benefit; with infrastructure as the primary focus of the Stormwater Management Program, private investment in stormwater facilities would receive a higher % credit reduction than an education outreach on water quality, for example.
- Comments and discussion points from the SAC:
    - One SAC member does not support a credit with the 40% cap for other MS4 permit holders. Supportive of no cap. An example from Charlottesville VA program was provided where there is a 100% credit for the charge (waiver) for other MS4 permittees such as the University of VA. It was explained that the state law in VA requires the exemption of land from charges of fees when another MS4 has land within the boundary of the community *[further clarification provided after the fact – in VA, the land owned by another MS4 within the boundary of a community implementing a fee is only exempt if their land is explicitly identified in the other permit-holder's MS4 boundary as controlled by MS4 requirements.]* . Also, a concern was expressed that PennDOT has a 100% credit.
        - PennDOT is exempt only for their roadways because all roads are exempt; the roadway is a part of the drainage system.
        - The MS4 permit credit is for other property owners who must meet the same permit conditions on each of their properties within the Township boundary. Therefore, it is recommended that such agencies would be credited for 100% of the portion of the fee that supports the MS4 permit compliance of the Township.
    - How is the lost revenue going to be accounted for in the event of a credit? The Township Manager offered that a supplement from the GF or revenues to keep the fund "whole".
    - SAC member voiced preference for 1000 SF basis and no credits.
    - Are credits even required? SAC member indicated it was unclear if Ferguson would need a credit program. Additional SAC member supported no credits.
    - How are credits to be reviewed and what is the appeals process? The credits would be applied for and reviewed by the PW staff. An appeal of a credit decision or of the rates will be established in the ordinance. There is usually a hierarchy of review internally with an issue taken to the Courts if someone is not satisfied with the decision.
    - Total Max Credit- If the GF is going to provide resources for credits, should there be a limit on the amount offered and should this be balanced on an annual basis against what the GF is able to disperse? Impacts could include deferring expenses to later years and flexibility based on the credit total. The Township Manager doesn't see the GF revenue being in jeopardy based on the credit program and would want to review on a yearly basis.
    - It was noted that communities with Credit Programs see less than 5% of the total revenue impacted by the credit program. Sometimes it's 0%, typically 3-4%.
        - Why wait for this to be incorporated into the program cost? Offer the discount now.

- A member referred to the Credits Chart discussed in greater detail in Meeting #8 - a table on credits – and was encouraging creativity with stormwater management / Green Infrastructure to see if they are successful. It was noted that a Master Plan with a GI assessment is in the Program Plan. At this time, the Township does not have a GI strategy or adopted standards.
- Growth Area v NGA credits: Same % of credit across different classes because the ratio is the same. Should consideration be given to different credit values?
    - It was noted that there are different credits for all activities and there are specific ag-related credits in the NGA and at different percentages.
- A member noted that this credit program needs to work in close coordination with the zoning/ordinance standards.
- A member noted that program incentives to install BMPs in lieu of credits may be important as well.
- There was a general discussion of equitability of a credit program – and whether education is required for anyone to participate. It was noted that there will be an outreach effort by the Township.
- SAC voiced concern of having program supplemented from GF and whether credits ought to be part of the utility structure.
- A summary on the history of credit caps and various levels was provided as part of the overall discussion; it's typical to see credit programs develop over time, not common to see programs abolished.
- There was additional feedback that the credit for MS4 permit holders should be much higher.
    - Township manager discussed the MS4 credit for cases where a separately permitted MS4 owns property within the Township. The MS4 cost of service for the Township will create a credit for those property owners. In addition, a credit for conditions on the property site may be eligible for additional credit because of the overall benefit to the Township.

<u>Review of Rates</u>

- Twenty estimated rates were reviewed by the Study Team. All of the options analyzed were driven by two outstanding policy issues – the use of TIF funding for the CMP program and whether an equipment purchase fund should be set up to cash-fund equipment. The intent of those estimated rates was to determine the sensitivity of each policy option on rates. It was not a 'shop a rate' review.
    - W/ TIF, W/O TIF, or Transitioning out TIF options were discussed and the SAC offered the following feedback:
        - What happens to TIF funding if not used for CMP program? They would be used to fund other transportation projects that aren't currently funded.
        - TIF funds would be used on all Stormwater CMP Lining Projects, not just pipes in the road so it may be more appropriate to fund CMP in the SWM fee program. Or perhaps separate roadway projects from non-roadway projects and fund each aligned to the purpose (TIF – roadway; SW Fund – non-roadway)

- Where did the TIF funding come from – when and why? TIF money was set up 20 years ago; funds come from taxes and is set aside from the GF for transportation improvements.
- More than one SAC member offered support for "no TIF and include equipment fund"; longer term this will support the program the Township is trying to achieve. This is where the initial program financial review started.
- Two SAC members preferred equipment needs not be purchased but continue to accomplish goals by outsourcing.
- A member asked for clarification of whether SW funded CMP would result in having to fund transportation projects that included stormwater upgrades in the SW budget or would the TIF fund those upgrades. Staff indicated that stormwater upgrades for a transportation project would be part of the Transportation Program funding.

  - Discussion on W and W/O Equipment Fund

- How much would taxes need to raise to cover the stormwater program? This is not a straightforward answer because the Township uses a mix of taxes (earned income, land transfer, and property). This program could be covered in taxes increase because the Township is home rule and in the Phase I analysis, a property tax increase was evaluated for the full program.
    - Staff indicated that the increases would be similar to the increase 20 years ago because the programs are similar in size.
- General Feedback on Billing Unit
  - It was noted that there isn't much difference in the rate impacts of the ERU and 1000sf on land use categories. In practice, the ERU rates are about 3x the 1000 SF rate. The difference is how the individual parcels are treated – residential parcels in the ERU option all pay the same thing – one billing unit. The residential parcels will be impacted under the 1000sf rate if greater than 3500 sf of impervious area on the parcel.
- Review of other communities Annual Rates
  - A sample of rates around the state were provided. It was noted that White Township and Meadville were not MS4 permittees at the time of their fee adoption - these are two infrastructure driven programs. It was also noted that White Township manages their revenues entirely by fees for all services.

Town Hall Summary – A review of the Town Hall was provided. The Town Hall was held on June 24 and approximately 70 participants were on during the call. Many questions submitted during and prior to the Town Hall. All the information, including answers to all questions, are posted on the Township website.

General Discussion

- There was discussion regarding the impact on the agricultural community and the difference between each rate methodology.
- The Staff provided a review of next steps in bringing the discussion to the BOS. A report will be presented in August, for the project. This will be an overall of the past 19 months for Phase II. Staff will work with the BOS in establishing whether to hold a public hearing and when. The goal is to have some understanding of the BOS feedback and means to finalize a recommendation and decision.

- There are additional steps that need to be accounted for prior to policy refinement. The SAC input on recommendations has been documented in each meeting.
- The Consultants and Township Staff thanked the SAC for their active engagement over the last three years.