



## ***Ferguson Township: Discussion Questions for Policy Consideration***

As Ferguson considers potential elements of a credit program, it is useful to consider the following questions:

1. **Are credits mandatory or discretionary?** The use of credits within the financial structure of a stormwater utility are discretionary in PA. It is a local policy to be considered in the process of utility development.

2. **What the goals are considered in credit program? What credits will help achieve these goals?**

Direct and indirect goals of a credit program may include:

- 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 installation of structural or non-structural BMPs on private property.

The goals of the credit program will help guide decisions on the appropriate policy.

3. **What are the financial implications of the decision to offer and maintain a credit program?**

A credit program has two main cost implications for a community, namely:

- Personnel time and effort needed to administer and maintain a credit program. If the cost to administer a certain credit outweighs the benefit, it may not be worth its implementation.
- What is the anticipated level of participation in the credit program and what is the estimated revenue reduction associated with potential credit holders? This adjustment will need to be accounted for in the cash flow analysis and ultimately the stormwater rate.

4. **Who should be eligible for credits?** All property owners who receive a stormwater bill may be eligible. Are there cases where a credit should not be available?

- a. All owners of stormwater facilities on private, non-Township, properties and a credit policy should include only those facilities that can demonstrate compliance with the Township's existing stormwater regulations. The facility or BMP must function as intended.
- b. Owners of single-family residential property. Most communities do not offer residential credits because of the difficulty in tracking and enforcement, the relatively small benefit available to the homeowner, and the minimal reduction in stormwater management costs to the community. Some communities set a relatively high standard for what



qualifies for a credit, reducing the attractiveness of the credit system to residential property owners. Further, if public education is one of the primary reasons for enacting a credit program, greater participation by residential property owners may be a good reason to encourage residents to apply for credits.

- 5. For which activities should credit be available?** The matrix below lists some of the most common credits available. Credit should be offered for those activities that are directly targeted reduce the cost of stormwater management activities by the Township. For example, a property that retains stormwater above standard design requirements has the effect of reducing peak flows of downstream infrastructure. If water quality is a goal of the community, street sweeping, street trees and tree wells to manage the first flush of runoff may be targets for a credit.

Communities need to decide the threshold at which credits begin to apply. Some offer credit for stormwater activities and BMPs required by ordinance. Others require landowners to exceed minimum requirements before credit can be issued. When this is the case, communities can establish a minimum credit threshold (i.e. manage the first inch of runoff from IA).

It's often useful to start with the question – “What are the primary drivers of the Township's future stormwater program costs?”

- 6. How much of the stormwater fee should be made available for credits?** Revisiting the goals of the stormwater credit program will help answer this question. Communities that offer a significant credit that is relatively easy to attain may see a significant number of ratepayers apply for a high percentage of credit. This has the potential of a significant amount of properties adopting these practices. However, with more landowners receiving a large number of credits, impacts on other property owners can be significant.

In addition, certain fixed costs (e.g. billing costs and data maintenance) or non-impact-related program costs (e.g. maintenance of drainage infrastructure, regulatory compliance) will never be reduced through the use of on-site practices, education programs, and other community-wide initiatives (stream cleanups for example).

Assigning the allowable credit percentages linked to specific BMPs or activities based upon the percentage(s) of the associated program costs avoided by the Township is a way to establish a rational nexus between the credit and the benefit to the public system.

- 7. Will there be a credit expiration period? Will there be a renewal process? A re-certification process?** Properly maintained structural BMPs and properly implemented non-structural BMPs can help meet local water resource goals. However, if BMPs do not function as designed, the benefits they provide to the community diminish. Therefore, the Township



needs to consider if the credits granted to a landowner should expire and need to be renewed to trigger an evaluation of the worthiness of the credit for that BMP. A self-inspection or other reporting process should be considered to ensure that an activity continues to qualify for a credit.

8. **What amount of credit should be provided for specific facilities?** In Ferguson, most facilities fall within one of three categories: 1) those developed since the adoption of the 2003 based on the Act 167 Plan, 2) those developed during earlier stormwater management regulations, and 3) those developed prior to any stormwater management requirement. The Township may wish to consider different levels of credit for each type of development type in order to apply appropriate incentives to properties and advance stated stormwater management goals. Should a credit be given to a property owner whose facility was built prior to any local or state regulations?
9. **How is maintenance verified?** Any credit program needs to include a process to confirm that the facility is being maintained. Confirming ongoing BMP performance is a way to better ensure the potential long-term cost avoidance. In order to be eligible for a credit, a facility must be actively maintained and properly functioning. Some communities require landowners to hire inspectors to perform periodic maintenance verification. In other communities, municipal staff perform this activity as a service. If the inspector or the Township determines that BMP for which credit is being received is not being maintained, the credit can be revoked. Inspections can be required annually or once every five years.
10. **How and when will credits be applied?** In most communities, it is the responsibility of the property owner to apply for a credit; although some municipalities actively assist property owners with the process. Calculating and verifying credits may take several months. Depending on the when the community distributes bills, it may make sense for a credit to be applied for each full billing cycle, instead of pro-rating a credit for only a portion of the year. In addition, since the stormwater user fee is calculated only once annually, it makes sense that credits should be applied only once in a single billing cycle.
11. **What about private facilities that treat additional offsite impervious areas?** In some cases, an on-site facility may treat impervious areas from a neighboring property. In these cases, it may seem fair to allow the owner of the on-site facility to take credit for treating off-site areas. However, the credit cannot exceed the total annual fee paid by the property.



## Examples of Credits:

| Credit   | Explanation and Examples  |
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| a. Credit for a BMP built voluntarily that exceeds Township SWM standards. | <p>This credit recognizes only those BMPs that exceed minimum regulatory standards (either for water quality or water quantity). An example would be a voluntary retrofit project.</p>  |
| b. Credit for a BMP built according to current Township SWM standards.     | <p>This credit recognizes the ongoing cost of operating and maintaining a BMP that controls stormwater from a specific property.</p> <p>Mt Lebanon, PA offers credit up to 50% of the fee to properties that discharge stormwater to a detention or retention facility that is in compliance with the Subdivision and Land Development Ordinance, and that are constructed and maintained properly.</p> <p>In Meadville, PA, where most develop occurred prior to stormwater management regulations, up to 15% credit is proposed for landowners who have installed a BMP that provides volume control for runoff from impervious surfaces on their site, and 10% credit for water quality BMPs. Up to 40% credit is proposed for property owners who install a BMP that provides peak rate control. Credit will be granted in relation to the design storm managed by the BMP on the following basis:</p> <ul style="list-style-type: none"><li>• Up to 10% for management of the 10-year event</li><li>• Up to 20% for management of the 25-year event</li><li>• Up to 30% for management of the 50-year event</li><li>• Up to 40% for management of the 100-year event</li></ul> <p>In Philadelphia, sites that demonstrate management of the first inch of runoff from impervious areas on a property are eligible for an Impervious Area Credit up to 80%.</p> |



| Credit   | Explanation and Examples  |
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| c. Credit for industrial sites with coverage under separate NPDES industrial stormwater permit.  | <p>This credit recognizes that NPDES industrial sites must implement certain good housekeeping practices aimed at reducing stormwater pollution. Examples of credits provided include the following:</p> <ul style="list-style-type: none"> <li>• Richmond, VA – 50%</li> <li>• Fayetteville, NC – 50%</li> <li>• High Point, NC – 20%</li> <li>• Anderson, IN – 10%</li> <li>• Peachtree, GA – 10%</li> <li>• Philadelphia, – 7%</li> </ul>  |
| d. Credit recognizing sites where the ratio of impervious to pervious surface may result in less site runoff reaching the public system than more intensely developed sites, therefore limiting the impacts on the stormwater program. | <p>In Philadelphia, landowners who demonstrate that the runoff potential for soil and ground cover on their site is lower based on Natural Resource Conservation Service Curve Number (NRCS-CN) are eligible for a Gross Area Stormwater Credit. Note: Philadelphia's rate structure includes a charge for the gross or total parcel area, in effective recognizing non- impervious areas.</p> <p>Peachtree and Roswell GA provide a 25% credit for properties over two acres and less than 15% impervious surface cover. The owner is responsible for providing all information. Renewal is on a three-year basis.</p> |
| e. Credit for participation in watershed stewardship activities.   | <p>Prince William County, VA provides a 10% credit for non-residential (typically places of worship and other non-profits) participation in stormwater protection projects such as adopt-a-stream project, a volunteer lawn program, and other pollution prevention programs. Participation in multiple projects can achieve up to 30%.</p> <p>Peachtree GA provides up to 25% credit for households and non-profit organizations that document participation in eligible watershed stewardship activities.</p>   |
| f. Credit for educational institutions that provide water quality education to students.   | <p>Mt Lebanon, PA provides up to a 20% credit for public or private school properties on which a school operates that provides at least 2 hours of education on stormwater management concepts for at least 90% of all students annually.</p> <p>Peachtree GA provides up to a 50% credit for any public or private educational system that teaches as part of their official curriculum, the WaterWise program, Enviroscape program, etc.</p>  |



## TOWNSHIP OF FERGUSON

| Credit   | Explanation and Examples  |
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| g. Residential rain barrel programs.                       | <p>This incentive is frequently offered by communities to residential landowners as a rebate program. Mt Lebanon, PA offers a one-time rain barrel rebate, where the Township offers to pay 25% of the cost of the rain barrel, up to \$50.</p> <p>Alternatively, several local governments nationally provide a credit to residential customers who document the use of rain barrels. Most require a minimum amount of roof area to be covered. In Rosewell GA, upon approval, the customer receives a credit of 100% for a period of one year. After the first year, the customer receives a credit of 25% for the following two years.</p> |
| h. Credit for impervious reduction.                        | <p>Roswell, GA provides a credit for a property owner that achieves a reduction in impervious surface of 10% or more. .</p>   |
| i. Credit for implementation of nutrient management plans. | <p>The City of Richmond, VA provides a 10% credit for commercial properties and properties managed by a Homeowners Association that implement green lawn care practices, including the adoption of a Nutrient Management Plan.</p>  |