

Water Right and Water Quality Certification Fees

FY 2004-2005

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Discussion

- Overview
- Objectives
- Constraints
- Background
- This year
- Next steps

Overview

- Purposes of the meeting
 - To hear comments and suggestions on revisions to the fee schedule.
 - To assemble an ad hoc working group to assist the SWRCB and staff on fee issues
 - » Working Group size
 - » Working Group representation
 - To charge the working group with the task of developing recommendations to the SWRCB for changes in the existing fee schedule
 - To develop a schedule for submittal of the working group's recommendations

Working Group Objectives

- To develop a fee schedule that generates revenues to the Water Right Fund consistent with the Budget Act of 2004
- To develop a fee schedule that can be implemented using the resources provided by the legislature for fee-related work
- To make the fees as “equitable” as possible
- To develop and implement any changes in sufficient time to generate revenues as close to July 1, 2004 as possible

Working Group Constraints

The Proposed Fee Schedule Must:

- Generate the necessary revenues
 - Must generate amounts specified in the Budget Act
 - Funding must be relatively stable
 - Fees must be affordable
- Be able to be implemented using available resources
 - Must be based on available information/data
 - Should not require more than 1 PY to implement unless additional resources are allowed by the Legislature
- Be legally supportable

Constraints (cont.)

- The Working Group must:
 - Be balanced in terms of representation
 - Be large enough to represent all fee payers
 - Be small enough to reach a decision

Working Group Goals

The fees should:

- Provide motivation to the fee payers to comply with the law
- Implement the laws, regulations and policies of the State

Background: FY 2003-2004

■ Revenue

- » Target Revenue was \$4.6M
- » Billed Amount (as of May 1)
 - Annual Fees Billed: \$7.5M
 - Filing Fees Billed: \$6.5M
- » Collected Amount (as of May 1) *
 - Annual Fees Collected: \$6.7M**
 - Filing Fees Collected: \$0.350M
- » Collection Rate*
 - Annual Fees: 89%
 - Filing Fees: 0.05%

*does not include refunds ordered as a result of reconsideration

**includes penalties and interest

Background: FY 2003-2004 (cont.)

- Annual Permit and License Fees
 - Stipulation between the SWRCB and NCWA required that fees be paid
 - Of \$6.7M in annual fees collected
 - » \$3.7M is associated with the NCWA litigation
 - » \$3M is not associated with the litigation
 - Collection Rate of non-litigation-related fees is 40%

Background FY03-04 (cont.)

REVENUE ESTIMATES AND CURRENT COLLECTIONS FOR FISCAL YEAR 2003-2004

Annual Fees (Collected by BOE)	Estimate				Status		
	New Fees	Estimated Cases	Est. Billing Amount	Est. Revenue (1)	Accounts Billed (2)	Accounts Paid	Collected (as of 5/1/04)
Fee Source							
401 Certification- §1071	.085/KW	NA	\$350,583	\$210,350	32	29	\$316,237
Appl. Annual Fee- §1063(a)(1)-(5)	\$1,000	1	\$1,000	\$600	0	0	\$0
Petition Annual Fees- §1065(a)-(d)	\$1,000	2	\$2,000	\$1,200	0	0	\$0
Water Lease Annual Fee- §1067(a)(2)&(b)(1)	\$10,100	0	\$0	\$0	0	0	\$0
Permits & Licenses Annual Fees-§1066©(see 1)	\$100	NA	\$7,098,227	\$4,258,936	13247	9616	\$6,411,099
Total			\$7,451,810	\$4,471,086	13,279	9,645	\$6,727,336

(1) It was assumed that all annual fees billed would be subject to a non collection rate of 40%

(2) Annual application and petition fee liability has been determined by the Division; however, bills have not yet been mailed due to BOE staffing constraints. Bills will be sent by 6/1/04

Background FY03-04 (cont.)

One-Time Fees (Collected by SWRCB)	Estimate				Status		
	New Fees	Estimated Cases (3)	Est. Amount of Billing	Estimated Revenue	Accounts Billed	Accounts Billed	Collected (as of 5/13/04)
Fee Source							
Applications - §1062 (a)(1)	\$1,000	60	\$60,000	\$60,000	n/a	12	\$257,744
FAS Petition w/ Appl.- §1062 (a)(2)	\$10,000	0	\$0	\$0	n/a	0	\$0
State Filing Assignment- §1062 (a)(3)	\$5,000	1	\$5,000	\$5,000	n/a	0	\$0
Supplemental Fee W.C. §1062 (b)	\$900	0	\$0	\$0	26	8	\$23,380
Change Petition- §1064 (a)(1)&(a)(3)	\$1,000	34	\$34,000	\$34,000	n/a	11	\$55,900
Change Petition for instream uses- §1064 (a)(1)	\$850	1	\$850	\$850	n/a	incl. Above	incl. Above
Extension Petition- §1064 (a)(2)	\$1,000	10	\$10,000	\$10,000	n/a	2	\$1,100
Waste water Petitions - §1064 (a)(4)	\$1,000	1	\$1,000	\$1,000	0	0	\$0
Release of Priority (State Filing)- §1064(a)(5)	\$5,000	0	\$0	\$0	n/a	0	\$0
Water Lease Application- §1067(a)(1)	\$10,000	0	0	\$0	n/a	0	\$0
S. Domestic and Stockpond Reg.- §1068	\$250	40	\$10,000	\$10,000	n/a	6	\$1,500
5-year Renewal Fee- §1068	\$100	30	\$3,000	\$3,000	-	61	\$5,400
Proof of Claim- §1069	\$500	0	\$0	\$0	0	0	\$0
FERC FEE	\$1,000	0	\$0	\$0	n/a	1	\$1,000
Groundwater Recordation- §1070	\$115	570	\$65,550	\$65,550	n/a	45	\$4,395
ACL Penalties	\$6,000	3	\$18,000	\$18,000	4	0	\$0
Total for Year			\$207,400	\$207,400			\$350,419

(3) Estimated cases is half of the long term number of average annual cases

Background: FY 2003-2004 (cont.)

- Annual Permit/License and FERC Fee Payers*
 - No. billed was 13,279
 - No. paid was 9,645
 - Payment Rate: 73%
- Supplemental Fee Payers
 - No. billed was 26
 - No. paid was 8
 - Payment rate: 30%

*as of May 1, 2004

Background: FY 2003-2004 (cont.)

- 401 Certification
 - Amount billed: \$350,582
 - Amount paid: \$316,237 (90%)
- Permit & License Holders (excl. USBR)
 - Amount billed: \$4,504,890
 - Amount paid: \$4,176,484 (88%)
- USBR Contractors
 - Amount billed: \$2,593,336
 - Amount paid: \$2,234,614 (86%)

Background: FY 2003-2004 (cont.)

- OCC: 0.65 PYs
 - » Rulemaking
 - » Petitions for Reconsideration:
 - » Litigation
- Division of Water Rights: 12.53 PYs
 - » Permitting Section: 1.30 PYs
 - Supplemental and annual application fees
 - Database updates
 - » Hearings and Special Projects Section: 3.18 PYs
 - Rulemaking
 - Petitions for Reconsideration
 - Litigation
 - » Licensing Section: 7.20 PYs
 - Ownership Changes
 - Petitions for Reconsideration
 - Database verification

Background FY03-04 (cont.)

■ Benefits

– Database Updates

- Ownership Changes (since July 2003)
 - 1825 requested
 - 1775 processed
- Permit/License Revocations (since January 2004)
 - 128 requested
 - 46 processed
- Application Cancellations (since January 2003)
 - 19 processed

This Year: FY 04-05

– Governor's Proposed Budget for Water Right Related Activities

» SWRCB (Division of Water Rights/OCC)

- Water Rights Fund: \$7.764M
- Federal Reimbursements: \$0.407M
- Other Reimbursements: \$0.419M
- Tobacco Tax Funding: \$0.272M
- General Fund: \$ 62,800*

» BOE

- Water Rights Fund: \$0.428M

*Based on 03-04 budget (Bay/Delta work)

This Year: FY 04-05 (cont.)

- » Budgeted Fee Revenues: \$8.192M
- » FY 03-04 over-collections: \$2.45M
- » Target: \$5.742M
- » Billed amount to collect \$5.72M at various non-collection rates:
 - 10%: \$6.38M
 - 15%: \$6.75M
 - 20%: \$7.17M
 - 25%: \$7.66M
 - 30%: \$8.20M
 - 40%: \$9.57M
- » Billed amount FY 03-04: \$7.4M

Next Steps

- Continue to update the fee revenue collection information
- Continue to update the water right database
- Review the suggestions received at this meeting
- Identify those who would like to participate in the ad hoc Working Group
- Set up the ad hoc Working Group
- Staff to assist the Working Group

Closing

■ Fees

- No one likes to pay them
- Zero sum game

■ Other points

- The SWRCB and Division are also interested in making improvements to the water right process:
 - » Legislative
 - » Regulatory
 - » Administrative

We've Got to Work Together

