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August 31, 2011

Charles Hoppin, Chair
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Assembly California Legislature



HENRY T. PEREA
ASSEMBLYMEMBER, THIRTY-FIRST DISTRICT



Dear Chairman Hoppin:

The current budget situation in California is causing most state agencies to closely examine their programs and search for ways to accomplish their core mission with limited resources. This necessitates setting programmatic priorities, becoming more efficient, and reducing activities. Until the economy and tax revenues rebound this will be the way forward for state government. Businesses across California are also making tough decisions to survive in the highly competitive global marketplace and are cutting their costs wherever they can.

It has come to my attention that the State Water Board will be considering a proposal to increase the fiscal year 2011-2012 Water Quality Fees by 37.8 percent. The higher level of fees would result in additional \$26.2 million in revenue collected for the Waste Discharge Permit Fund (WDPF). Stakeholders have expressed concern about the steep increases as they are being imposed in the midst of a serious recession, and because this is just the latest in a series of substantial fee increases. The fees charged by the Board vary with each individual program, but total WDPF regulatory fees increased from \$59.9 million in FY 04-05 to a proposed level of \$100.7 million in FY 11-12. One example, packinghouse permits have increased from \$400 in 2002 to \$6577 in 2007, and are now proposed to be greater than \$8000. The loss of general fund revenue in recent years has been cited by State Water Board staff as the major reason for the increases in fees. While it is quite true that shifts in general fund support have reduced the level of support for the WDPF, other factors have contributed as well.

What has been noticeably lacking from the analysis presented by Board staff to stakeholders is an assessment of how the Board could meet its regulatory mandates with fewer resources, rather than just continue to raise fees to cover any loss of general fund revenue. The WDPF is used by the State and Regional Boards to issue permits, monitor discharger reports, compile databases, direct planning activities, conduct enforcement actions, pay overhead expenses, and for other purposes. The substantial fee increases proposed in recent years might be more palatable to the stakeholders if they were satisfied that the programs are as efficient as possible and managed in a customer-focused manner. Unfortunately, that is not the view that my constituents have expressed and their frustration with the fee increases and the management of programs warrants further consideration. I request that the Board postpone action on the staff fee proposal and work with the regulated community to ensure that the agency delivers top quality service at the least possible cost.

Sincerely,

Henry T. Perea
State Assemblymember, 31st AD

CC: Fran Spivy-Weber, Vice Chair, State Water Resources Control Board
Tam Deduc, State Water Resources Control Board
Tom Howard, Executive Director, State Water Resources Control Board
Nancy McFadden, Office of Governor Brown

