



Water Rights Fees Stakeholder Meeting

DATE:	Monday, March 18, 2019
TIME:	1:00 – 3:30 pm
LOCATION:	CalEPA Headquarters Building Sierra Hearing Room (2 nd Floor) 1001 I Street Sacramento, CA 95814
WEBCAST LINK:	https://video.calepa.ca.gov/
QUESTIONS:	WaterRightsFees@waterboards.ca.gov – Questions received prior to and during the meeting will be addressed during the meeting unless otherwise requested.

AGENDA

1. Welcome and Introductions (**David Ceccarelli**)
2. Water Rights Fund Budget Cost Drivers (Attachment 1 and 1A) (**John Weir**)
 - a. Budget Change Proposal for [Administrative Hearings Office \(AB 747\)](#)
3. Water Rights Fund Condition (Attachment 2 and 2A) (**John Weir**)
- 4.* Cannabis onstream reservoir fees (Attachment 3) (**Julé Rizzardo**)
5. Fee for Petitions (Attachment 4) (**Julé Rizzardo**)
6. Application Fees (**Katy Lee**)
7. Federal Energy Regulatory Commission Fees (Attachment 5) (**Erin Ragazzi**)
8. Open Discussion

*Please note that Agenda items 4 through 7 are fee concepts Waterboard staff has prepared for discussion and feedback. Further information detailing these fee concepts will be sent out at a later date requesting comments for discussion at the June 11, 2019 Water Rights Fee Stakeholder meeting.

**State Water Resources Control Board
Water Rights Program Budget and Water Rights Fund Budget Cost Drivers
(\$000)**

	FY 2019-20 Governor's Proposed Budget
Water Rights Fund ¹	\$24,785
General Fund	\$18,384
Public Resources Account, Cigarette and Tobacco Products Surtax Fund	\$92
Federal Trust Fund	\$223
California Cannabis Tax Fund	\$5,845
Totals	\$49,329

¹ FY 19-20, does not include \$450,000 in Water Rights Funding appropriated for Department of Justice Legal Services.

Water Rights Fund	FY 2018-19 Budget Act	FY 2019-20 Governor's Proposed Budget	Net Difference
Governor's Proposed Budget ²	\$24,159	\$25,235	\$1,076
Totals	\$24,159	\$25,235	\$1,076

² The Budget Act includes \$1 million in ongoing cost recovery for CEQA Consultation

FY 2019-20 Budget Cost Drivers

Water Rights Fund	Amounts
CalEPA Sacramento Headquarters Space Optimization ³	(\$1,660)
Control Section ⁴	\$1,020
Administrative Hearings Office (AB 747)	\$1,716
Totals	\$1,076
Adj Total	\$1,076

³ The appropriation is available for encumbrance until 6/30/22. For the purpose of the report the amount is a negative, but the balance will carryover to the next fiscal year.

⁴ Control Section Item 9800 Employee Compensation, 3.60 Retirement, and Pro Rata

**FY 2019-20 Water Rights Expenditures – Governor’s Proposed Budget
(\$000)**

	FY 2017-18	FY 2018-19	FY 2019-20
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0555 Secretary for Environmental Protection (State Operations)	35	37	37
3940 State Water Resources Control Board (State Operations)	20,412	23,937	25,235
7600 California Department of Tax and Fee Administration (State Operations)	498	539	535
8880 Financial Information System for California (State Operations)	24	3	-5
9892 Supplemental Pension Payments (State Operations)	-	188	406
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	781	-	804
Total Expenditures and Expenditure Adjustments	\$21,750	\$24,704	\$27,012

**Water Rights Fund Condition (\$000) Projection
(Based on Budget Figures)**

Fiscal Year	No Fee Increase						Establish 5% Reserve
	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 19-20
BEGINNING BALANCE	\$3,851	\$4,719	\$4,807	\$3,253	\$3,551	\$1,000	\$1,000
Prior year adjustments	\$843	\$166	\$51	\$1,041	\$0	\$0	\$0
Adjusted Beginning Balance	\$4,694	\$4,578	\$4,858	\$4,294	\$3,551	\$1,000	\$1,000
Revenue							
Regulatory Fees ¹	\$15,676	\$15,525	\$16,799	\$17,541	\$20,843	\$20,843	\$24,800
Cost Recovery ²	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other Revenue ³	\$64	\$255	\$280	\$215	\$310	\$310	\$310
Loan from the USTCF(SGMA) ⁴	\$0	\$0	\$0	\$2,250	(\$2,250)	\$0	\$0
SGMA Fees ⁷	\$0	\$0	\$0	\$0	\$750	\$750	\$750
Cannabis Cultivation Regulation	\$0	\$0	\$0	\$0	\$500	\$500	\$500
Total Revenue	\$16,740	\$16,780	\$18,079	\$21,006	\$21,153	\$23,403	\$27,360
Expenditures							
Water Board State Operations ⁵	\$15,257	\$15,028	\$18,210	\$18,671	\$20,447	\$22,745	\$22,745
Cannabis Cultivation Regulation	\$0	\$0	\$0	\$740	\$740	\$740	\$740
SGMA Fees ⁴	\$0	\$0	\$0	\$0	\$750	\$750	\$750
Cost Recovery Expenditures	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Supplemental Pension Payments	\$0	\$0	\$0	\$0	\$188	\$406	\$406
Other State Operations ⁶	\$458	\$523	\$474	\$1,338	\$579	\$1,371	\$1,371
Total Expenditures	\$16,715	\$16,551	\$19,684	\$21,749	\$23,704	\$27,012	\$27,012
Surplus(Deficit)	\$25	\$229	(\$1,605)	(\$743)	(\$2,551)	-\$3,609	\$348
ENDING BALANCE	\$4,719	\$4,807	\$3,253	\$3,551	\$1,000	-\$2,609	\$1,348
Fund Reserve⁷	28.2%	29.0%	16.5%	16.9%	4.5%	-10.2%	5.3%
							\$3,957 = Revenue Increase for 5% Reserve

¹ For FY 18-19 and FY 19-20, forecasted revenue is based on the estimated billing amounts for license/permit/applications and estimated revenue from petitions and one time applications.

² Ongoing cost recovery for the California Environmental Quality Act (CEQA) Consultation.

³ Includes miscellaneous services to the public, Suplus Money Investment Fund (SMIF) & Enforcement.

⁴ For FY 17-18, a loan from the Underground Storage Tank Cleanup Fund (0439) to the Water Rights Fund (3058) per Budget Act of 2017. For FY 18-19, Loan repayment from the Water Rights Fund (3058) to the Underground Storage Tank Cleanup Fund (0439) per Budget Act of 2017.

⁵ FY 18-19 is based off of projected expenditures and FY 19-20 are based off of the budget authority in the Governor's Proposed Budget.

⁶ For FY 18-19, Other State Operations projected expenditures include \$539,000 to CDTFA, \$37,000 to CalEPA, and \$3,000 to FiSCAL. For FY 19-20, Other State Operations projected expenditures include \$535,000 to the California Department of Tax and Fee Administration (CDTFA), \$37,000 to CalEPA, a credit of \$5,000 from FiSCAL, and \$804,000 for Statewide General Administrative Expenditures (Pro Rata).

⁷ Fund reserve calculation excludes expenditure items for SGMA and Cannabis Cultivation.

**FY 2018-19 Federal Energy Regulatory Commission
Projected Water Rights Revenue vs Expenditures**

	Current Fees
Licensed Project Annual Base Fee	\$100.00
Licensed Project per kw/hour Fee	0.125/kw
Undergoing License Base Fee	\$1,000.00
Undergoing License per kw/hour Fee	0.430/kw

Fiscal Year	FY 18-19
Revenue	
Licensed Projects	\$190,779
Undergoing Licensing	\$2,952,620
Total Revenue	\$3,143,399
Expenditures	
Water Board State Operations	\$3,636,584
Total Expenditures	\$3,636,584
Surplus(Deficit)	-\$493,185

Attachment 2A

Proposed Cannabis Registration Onstream Reservoir Fee

Water Rights Registration Staff Workload

1. Evaluate Submittals

Desktop technical evaluation of registrations with onstream reservoir(s)

2. Field Visit

Conduct field visit to cannabis cultivation site(s)

3. Update Terms & Conditions

Issue the final registration certificate with updated site specific terms and conditions

4. Compliance Plan Review & Implementation

Monitor completion of required reservoir modifications

5. Ongoing Coordination

Close coordination with Regional Boards and Department of Fish and Wildlife throughout approval process

Proposed Timeline

Cannabis Registration Onstream Reservoir Fee



Fee Structure Options: FY 2019-20 Water Right Petition Fee Proposal

	Minimum Fee	Fee Structure	Example Fee for: 100 af 1,000 af 10,000 af	Maximum Fee
Petition Annual Fee				
Current fee	\$1,000	Conditions when fee is applied: ^[3] Due under specific circumstances such as: petitioner diverts water prior to the State Water Board approving the requested change; petitioner requests a delay in processing petition; petitioner is lead agency under CEQA and has not adopted or certified a final environmental document for the project within two years after the petition is noticed; or petitioner fails to provide requested supplemental information.	\$1,000	\$1,000
Proposal: Increase fees to a per acre-foot charge	\$1,000 + \$0.40 per acre-foot up to \$10,000	<p>Due under specific circumstances such as:</p> <p>Petitioner diverts water prior to the State Water Board approving the requested change; petitioner requests a delay in processing petition; petitioner is lead agency under CEQA and has not adopted or certified a final environmental document for the project within two years after the petition is noticed; Petitioner has entered into a CEQA MOU with the Division but has not complete the administrative draft CEQA document within two years after the petition is noticed; or petitioner fails to provide requested supplemental information.</p> <p>An annual petition fee may be temporarily reduced to \$500 in cases where the Division finds that the petitioner has timely provided all information required to process the petition, however the Division has determined it has insufficient resources to complete the petition processing. This would be assessed on an annual basis.</p>	<p>100 af: \$1,036</p> <p>1,000 af: \$1,432</p> <p>10,000 af: \$5,000</p>	\$10,000

	Minimum Fee	Fee Structure	Example Fee for: 100 af 1,000 af 10,000 af	Maximum Fee
Change Petition Fee				
Current fee	\$1,000	\$1,000 plus \$0.30 per each acre-foot greater than 10 acre feet based on the total annual amount of diversion covered by permit or license, or \$6,518 whichever is less.	\$1,000	\$6,518
Proposal: Increase per acre-foot charge and maximum	\$1,000	\$1,000 plus \$0.40 per each acre-foot greater than 10 acre feet based on the total annual amount of diversion covered by permit or license, or \$20,000 whichever is less.	100 af \$1,036 1,000 af \$1,432 10,000 af \$5,428	\$20,000
Time Extension Petition				
Current fee	\$1,000	Flat	\$1,000	\$1,000

	Minimum Fee	Fee Structure	Example Fee for: 100 af 1,000 af 10,000 af	Maximum Fee
Proposal: Change to match change petition fees, with reduction for simultaneous filing	\$1000	Fees would match proposal for change petitions above with a per-acre foot charge.	100 af \$1,036 1,000 af \$1,432 10,000 af \$5,428	\$20,000
Wastewater Petitions				
Current fee	\$1,000	flat	\$1,000	\$1,000
Proposal: Fixed tiered fees based on project size	\$5,000	\$5,000 plus \$3.00 per acre-foot based on the total annual amount of the reduced flow to the watercourse.	100 af: \$5,300 1,000 af: \$8,000 10,000 af: \$35,000	\$75,000

	Minimum Fee	Fee Structure	Example Fee for: 100 af 1,000 af 10,000 af	Maximum Fee
Temporary Change or Urgency Change Petitions				
Current fee structure	\$2,000	\$2,000 plus \$0.30 per each acre-foot greater than 10 acre-feet based on the total annual amount of water sought to be transferred annually or \$534,155, whichever is less.	100 af: \$2,027 1,000 af: \$2,324 10,000 af: \$5,321	
Proposal: Increase to account for increased resource costs	\$2,000	\$2,000 plus \$0.50 per each acre-foot greater than 10 acre-feet based on the total annual amount of water sought to be transferred annually or \$534,155, whichever is less.	100 af: \$2,045 1,000 af: \$2,945 10,000 af: \$6,995	

**Staff Proposals for FY 2019-20 Fee Structure Options for
FERC Water Quality Certification Program**

	FERC WQC Fees Pre-licensing/ Amendment		FERC WQC Fees Post-licensing	
	Minimum Fee	Fee Structure	Minimum Fee	Fee Structure
Current Fees (since FY 14/15)	\$1,000	\$1,000 + \$0.43 per kilowatt (based on authorized or proposed installed generating capacity)	\$100	\$100 + \$0.125 per kilowatt (based on authorized installed generating capacity)
Option 1	Keep current fee structure and minimum fees the same, only increase cost per kilowatt.			
Option 2	Increase both the minimum fee and cost per kilowatt.			
Option 3	Eliminate differences between pre- and post-licensing fee structure. Impose the same minimum fee and cost per kilowatt, regardless of whether project is pre- or post-licensing.			