



# FY 2019-20 Water Quality Fees Stakeholder Meeting

<b>DATE:</b>	June 11, 2019
<b>TIME:</b>	9:00-11:00 am
<b>LOCATION:</b>	CalEPA Headquarters Building Sierra Hearing Room, 2 <sup>nd</sup> Floor 1001 I Street Sacramento, CA 95814
<b>WEBCAST LINK:</b>	<a href="https://video.calepa.ca.gov/">https://video.calepa.ca.gov/</a>
<b>QUESTIONS:</b>	<a href="mailto:FeeBranch@waterboards.ca.gov">FeeBranch@waterboards.ca.gov</a> – Questions received prior to and during the meeting will be addressed during the meeting unless otherwise requested.

## AGENDA

1. Welcome and Introductions
2. Waste Discharge Permit Fund (WDPF) Budget Cost Drivers (Attachment 1)
3. WDPF Recent Program Fee Increases (Attachment 2)
4. Summary of Proposed Fee Changes by Program (Attachment 3)
5. Division of Water Quality
  - a. Redirected Program Information
  - b. Cost of Compliance Information
6. Open Discussion
7. Cannabis Stakeholder Information  
*(This item may go beyond the scheduled 11:00 am meeting end time but will end no later than 12:30 pm.)*

**WDPF Budget Cost Drivers**  
**FY 2019-20**  
**(\$000)**

A	B	C	D	E (B+C+D)	F	G (E-F)	H (F+G)	I	J	K (G+J)	L (F+K)	M	N	O
WDPF Program	FY 18-19 Fee Budget <sup>1</sup>	BCP Changes	Staff Cost & Program Adjustments <sup>2</sup>	FY 19-20 Allocation Budget	FY 19-20 Revenue Forecast	Forecasted Revenue Increase / (Decrease)	FY 19-20 Total Revenue	Average Program Percent Change	Revenue Adjust for 4% Fund Reserve <sup>3</sup>	Adjusted Revenue Increase / (Decrease) <sup>4</sup>	FY 19-20 Adjusted Total Revenue <sup>5</sup>	Adjusted Average Program Percent Change <sup>6</sup>	FY 20-21 (Budget Year +1)	FY 21-22 (Budget Year +2)
WDR	\$33,410	\$10	\$489	\$33,909	\$29,735	\$4,174	\$33,909	14.0%	\$0	\$4,174	\$33,909	14.0%	4.0%	4.0%
Land Disposal	\$14,132	(\$101)	(\$581)	\$13,450	\$13,950	(\$500)	\$13,450	-3.6%	\$0	(\$500)	\$13,450	-3.6%	4.0%	4.0%
WQC (401 Cert)	\$12,405	\$1,718	\$983	\$15,105	\$10,394	\$4,711	\$15,105	45.3%	\$0	\$4,711	\$15,105	45.3% Net 18.3%	4.0%	4.0%
Storm Water	\$32,086	(\$243)	\$505	\$32,349	\$32,561	(\$212)	\$32,349	-0.7%	\$0	(\$212)	\$32,349	-0.7%	4.0%	4.0%
NPDES	\$33,036	\$10	\$217	\$33,263	\$29,586	\$3,677	\$33,263	12.4%	\$0	\$3,677	\$33,263	12.4%	4.0%	4.0%
CAF	\$5,138	(\$41)	\$415	\$5,512	\$5,014	\$498	\$5,512	9.9%	\$0	\$498	\$5,512	9.9%	4.0%	4.0%
Ag Lands (ILRP)	\$7,832	(\$58)	(\$12)	\$7,762	\$6,967	\$794	\$7,762	11.4%	\$0	\$794	\$7,762	11.4%	4.0%	4.0%
<b>SUBTOTAL:</b>	<b>\$138,039</b>	<b>\$1,294</b>	<b>\$2,016</b>	<b>\$141,349</b>	<b>\$128,207</b>	<b>\$13,143</b>	<b>\$141,349</b>		<b>\$0</b>	<b>\$13,143</b>	<b>\$141,349</b>			
Cannabis	\$18,124	(\$134)	(\$85)	\$17,905	\$5,027	\$12,878	\$17,905	256.2%	\$0	\$12,878	\$17,905	256.2%	4.0%	4.0%
<b>TOTAL:</b>	<b>\$156,163</b>	<b>\$1,160</b>	<b>\$1,931</b>	<b>\$159,254</b>	<b>\$133,233</b>	<b>\$26,021</b>	<b>\$159,254</b>		<b>\$0</b>	<b>\$26,021</b>	<b>\$159,254</b>			

**Footnotes:**

- <sup>1</sup> Includes redirected expenditures for programs like Basin Planning, TMDL, monitoring and enforcement.
- <sup>2</sup> Includes resource reallocation for employee compensation, retirement, health care costs, space optimization and pro rata.
- <sup>3</sup> Adjustments to revenue levels while maintaining a prudent reserve.
- <sup>4</sup> Recommended revenue level adjustments.
- <sup>5</sup> Net revenue levels after adjustments.
- <sup>6</sup> Net percentage change impact after recommended adjustments.

**BCP Changes:**

All WDPF Programs	(\$1,196)	18-19 BCP - CalEPA Space Optimization
WQC (Utility companies)	\$1,831	19-20 BCP - Wildfire Prevention and Recovery (SB 901)
WDR & NPDES	\$525	19-20 BCP - Sewer Service Provision for Disadvantaged Communities (SB 1215)
	\$1,160	

## WDPF Fee Paying Programs Recent Program Fee Increases

Program	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		
	Needed Increase	Adopted Increase	Needed Increase	Adopted Increase	Needed Increase	Adopted Increase	Prior Year Deferral	Additional Needed	Projected Increase
WDR	3.0%	-	10.2%	-	18.6%	9.5%	9.1%	4.9%	14.0%
Land Disposal	-	-	-	-	-	-	-	-	-
WQC (401 Cert)	32.4%	20.0%	22.1%	20% <sup>1</sup>	18.1%	9.2%	8.9%	9.4%	18.3%
Storm Water	-	-	-	-	-	-	-	-	-
NPDES	3.3%	-	6.8%	-	19.6%	10.0%	9.6%	2.8%	12.4%
CAF	-	-	9.8%	-	12.2%	6.2%	6.0%	3.9%	9.9%
Ag Land (ILRP)	3.1%	-	22.3%	16% <sup>2</sup>	17.4%	8.9%	8.5%	2.9%	11.4%
Cannabis									

<sup>1</sup> Average increase over all categories.

<sup>2</sup> Related to BCP for 5 PYs

## FY 2019-20 WDPF Fee Schedule Summary of Proposed Changes by Program

**NOTE:** The proposed changes described below are only concepts at this time and are based on the data currently available. All final changes will be described in the agenda item for the September 17, 2019 board meeting at which staff will propose the FY 2019-20 fee schedule for the Board's consideration. To be notified when the final agenda item is released and of regular stakeholder information, please be sure you are signed up for the "Fee Regulations – Water Quality" email list at:

([https://www.waterboards.ca.gov/resources/email\\_subscriptions/swrcb\\_subscribe.html](https://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.html)).

**Waste Discharge Requirements (WDR)** – All fee categories for the WDR program will be increased by approximately 14.0 percent.

- **Statewide General Waste Discharge Requirements for Winery Process Water Treatment Systems (Winery GO)**

DAS Fees staff is proposing a new fee schedule specific to the Winery GO that is scheduled to be adopted by the State Water Board during FY 2019-20. The proposal, based on the current iteration of the Winery GO, includes tiers based on threat to water quality and whether a discharger can comply with the hydraulic loading rate in the order. DWQ staff is continuing to meet with stakeholders which may result in changes to this fee schedule concept.

Tier	Application Fee	Annual Fee
Tier 1 Largest	\$100,000	\$100,000
Tier 1 Medium	\$50,000	\$50,000
Tier 1 Smallest	\$20,000	\$20,000
Tier 2	\$15,000	\$15,000
Tier 2 NC <sup>1</sup>	\$20,000	\$20,000
Tier 3	\$5,000	\$5,000
Tier 3 NC <sup>1</sup>	\$7,000	\$7,000
Tier 4	\$500	\$500
Tier 4 NC <sup>1</sup>	\$2,500	\$2,500
Tier 5	\$500	\$500

<sup>1</sup> NC refers to non-conforming and is for Tier 2 through 4 facilities that cannot conform with the hydraulic loading rate in the Order.

**Land Disposal** – No fee changes are proposed for the Land Disposal program.

**Water Quality Certification (WQC)** – All fee categories for the WQC program will be increased by approximately 18.3 percent, except for the Fill & Excavation **application annual** fee. Staff is proposing to keep the Fill & Excavation **application annual** fee at the FY 2018-19 level to provide stability and predictability to potential applicants that might not apply for permits or

comply with regulations if fees continue to increase and to compensate by increasing the **project fee** impact area per acre multiplier by 19.1 percent.

- **EcoRestore** – DWQ staff is in discussions with the California Natural Resources Agency (CNRA) in regards to an entity-specific fee for CNRA EcoRestore projects.
- **SB 901** – DWQ and DAS staff are considering two fee schedule concepts for utility companies that are performing dredge or fill activities pursuant to SB 901 and identified in an approved Utility Wildfire Mitigation Plan (plans are approved by the California Public Utilities Commission). DWQ staff will continue discussions with industry stakeholders to determine the best option to generate the required \$1.8 million in revenue.
  - Option 1: Assess a flat fee on a per project basis.
  - Option 2: Assess a flat yearly fee to each utility based on a prorated determinate (i.e., size of service area, anticipated number of future permits needed, number of transmission poles/overhead lines, etc.).

**Storm Water** – No fee increases are proposed for the Storm Water program.

- DAS Fees staff is proposing to amend section 2200(b)(1)(A) of the fee schedule to clarify that special districts located within a city or county that does not oversee storm water compliance for the district are required to pay the MS4 fee.

**NPDES** – All fee categories for the NPDES program will increase by approximately 12.4 percent.

- **California Water Code Section 13142.5(b) Consistency Determination for Seawater Desalination Facilities**  
DWQ and DAS Fees staff determined that due to the significant and lengthy process for reviewing and approving consistency determinations for seawater desalination facilities an application fee will be implemented and assessed annually until the permit is issued. Once the permit is issued, the discharger will pay the standard NPDES flow-based fee. DAS Fees staff is proposing the concept below and will be meeting directly with the eight current applicants to discuss the fees.

Intake Type	Proposed Fee
Surface	\$205,200
Subsurface	\$68,400

**Confined Animal Facilities (CAF)** – All fee categories for the CAF program will increase by approximately 10.0 percent.

- Water Boards staff has determined that some inequities exist in the way fees are assessed to dairy facilities that contain both mature dairy cattle and bred heifers in excess of the industry average. To make the fee schedule more equitable, Fees staff is proposing to amend section 2200(c) of the fee schedule by removing the text “(not a dairy)” from the Feedlots table. This change will bring the table in line with the current fee schedule language requiring the discharger to pay the higher of the two fees if there are multiple animals types at a facility.

**Agricultural (Ag) Lands** – Division of Water Quality (DWQ) and DAS Fees staff are proposing the fee concept below to assess fees based on what, if any, types of management plan (Irrigation and Nitrogen Management Plans and Pesticide/Toxicity Management Plans) are developed and whether or not a discharger is enrolled in an approved third party group. DWQ staff received preliminary backing from several key stakeholders on this concept and will continue to hold meetings with stakeholders to further develop the concept, including refining definitions and finalizing fee amounts. In addition to the change in methodology, the targeted revenue amount for the Ag Lands program is increasing by approximately 11.4 percent.

Management Plan Tiers	A Individual Enrollment (Not in a 3 <sup>rd</sup> Party Group)	B Enrolled in an Approved 3 <sup>rd</sup> Party Group
<b>1</b>	\$TBD/acre	\$TBD/acre
<b>2</b>	\$TBD/acre	\$TBD/acre
<b>3</b>	\$TBD/acre	\$TBD/acre

~~**Cannabis** – Information for the Cannabis program will be updated prior to the meeting and as part of Agenda Item #7.~~