

Water Quality Fees Stakeholder Meeting

Monday, August 5, 2019 at 9:00 – 11:00 am

Sierra Hearing Room – Second Floor
CalEPA Headquarters
1001 I Street, Sacramento, CA 95814



Live Webcast [here](#)

Fee Branch [Email](#)

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. Open Discussion
6. Next Steps

**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 ¹	BCP Changes	Staff Cost & Program Adjustments ²	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 ³	Adjusted Revenue Increase / (Decrease) ⁴	FY 19-20 Adjusted Total Revenue ⁵	Adjusted Average Program Percent Change ⁶	FY 20-21 (Budget Year +1)	FY 21-22 (Budget Year +2)
WDR	\$33,410	\$10	\$490	\$33,910	\$29,547	\$4,362	\$33,910	14.8%	\$0	\$4,362	\$33,910	14.8%	4.0%	4.0%
Land Disposal	\$14,132	(\$101)	(\$620)	\$13,410	\$13,971	(\$560)	\$13,410	-4.0%	\$0	(\$560)	\$13,410	-4.0%	4.0%	4.0%
WQC (401 Cert)	\$12,405	\$1,717	\$1,063	\$15,185	\$10,400	\$4,785	\$15,185	46.0%	\$0	\$4,785	\$15,185	46.0% Net 19.0%	4.0%	4.0%
Storm Water	\$32,086	(\$242)	\$387	\$32,231	\$33,284	(\$1,053)	\$32,231	-3.2%	\$0	(\$1,053)	\$32,231	-3.2%	4.0%	4.0%
NPDES	\$33,036	\$10	\$218	\$33,264	\$29,331	\$3,933	\$33,264	13.4%	\$0	\$3,933	\$33,264	13.4%	4.0%	4.0%
CAF	\$5,138	(\$41)	\$375	\$5,473	\$4,996	\$477	\$5,473	9.5%	\$0	\$477	\$5,473	9.5%	4.0%	4.0%
Ag Lands (ILRP)	\$7,832	(\$59)	\$24	\$7,797	\$6,983	\$815	\$7,797	11.7%	\$0	\$815	\$7,797	11.7%	4.0%	4.0%
SUBTOTAL:	\$138,039	\$1,295	\$1,936	\$141,270	\$128,511	\$12,759	\$141,270	-	\$0	\$12,759	\$141,270	-	-	-
Cannabis	\$18,124	(\$135)	(\$5)	\$17,984	\$5,027	\$12,957	\$17,984	257.7%	\$0	\$12,957	\$17,984	257.7%	4.0%	4.0%
TOTAL:	\$156,163	\$1,160	\$1,931	\$159,254	\$133,538	\$25,716	\$159,254	-	\$0	\$25,716	\$159,254	-	-	-

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

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

**WDPF Fee Paying Programs
Recent Program Fee Increases**

Program	FY 2016-17 Needed Increase	FY 2016-17 Adopted Increase	FY 2017-18 Needed Increase	FY 2017-18 Adopted Increase	FY 2018-19 Needed Increase	FY 2018-19 Adopted Increase	FY 2019-20 Prior Year Deferral	FY 2019-20 Additional Needed	FY 2019-20 Projected Increase
WDR	3.0%	-	10.2%	-	18.6%	9.5%	9.1%	5.7%	14.8%
Land Disposal	-	-	-	-	-	-	-	-	-
WQC (401 Cert)	32.4%	20.0%	22.1%	20% ¹	18.1%	9.2%	8.9%	10.1%	19.0%
Storm Water	-	-	-	-	-	-	-	-	-
NPDES	3.3%	-	6.8%	-	19.6%	10.0%	9.6%	3.8%	13.4%
CAF	-	-	9.8%	-	12.2%	6.2%	6.0%	3.5%	9.5%
Ag Land (ILRP)	3.1%	-	22.3%	16% ²	17.4%	8.9%	8.5%	3.2%	11.7%

¹ Average increase over all categories

² 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 based on the data currently available. All final changes will be described in the agenda item for the September 17 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).

Waste Discharge Requirements (WDR) – All fee categories for the WDR program will increase by approximately 14.8 percent.

- **Statewide General Waste Discharge Requirements for Winery Process Water Treatment Systems (Winery GO)** – The fee concept for the Winery GO is no longer being considered for the September 17 board meeting. Division of Water Quality (DWQ) and Division of Administrative Services (DAS) Fees staff are continuing discussions with stakeholders and will propose a fee schedule when the Winery GO is taken to the Water Board for adoption consideration.

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 19.0 percent, except for the Fill & Excavation annual fee. Staff is proposing to keep the Fill & Excavation 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 19.9 percent.

- **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 13.4 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. After meeting with stakeholders several times to discuss various fee options, staff is considering the fee options below. Table 1 shows three options under consideration and Table 2 shows the impact of each of those options on the facilities that would receive an invoice in FY 2019-20.

Table 1

Variable	Option 1: Intake Type	Option 2: Base + Intake Volume	Option 3: Intake Type Base + Intake Volume
Subsurface:	\$62,500		
Surface:	\$187,500		
Base:		\$60,000	
Subsurface Base:			\$60,000
Surface Base:			\$120,000
Volume Multiplier:		2,014	1,007
Annual Maximum:		\$200,000	\$200,000

Table 2

Facility	Intake Type	Intake Volume	Option 1	Option 2	Option 3
Pebbly Beach	Subsurface	1.60	\$62,500	\$63,222	\$61,611
Doheny	Subsurface	10.00	\$62,500	\$80,140	\$70,070
DeepWater	Surface	48.00	\$187,500	\$156,672	\$168,336
Huntington Beach	Surface	107.00	\$187,500	\$200,000	\$200,000

Confined Animal Facilities (CAF) – All fee categories for the CAF program will increase by approximately 9.5 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 at 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 animal types at a facility.

Agricultural (Ag) Lands – DWQ and DAS Fees staff are proposing the fee concept below to assess fees to third-party groups and individual dischargers by the defined agricultural activity of the enrolled acres. In addition to the change in methodology, the targeted revenue amount for the Ag Lands program is increasing by approximately 11.7 percent.

- For the purposes of this fee schedule, a Third-Party Group is defined as a group approved by the Regional Water Board or Regional Board Executive Officer to manage fee collection and payment to the State Water Board. Individual Enrollment refers to a discharger that is not a member of an approved Third-Party Group.
- For the purposes of this fee schedule, the Irrigation and Nitrogen Management Plan (INMP) is a precedential requirement of Order WQO 2018-0002, In the Matter of Review of Waste Discharge Requirements General Order No. R5-2012-0116 for Growers Within the Eastern San Joaquin River Watershed that are Members of the Third-Party Group. Order WQO 2018-0002, footnote 100, specifies an INMP is not precedential and exempt from the INMP requirement for irrigated pastures with no external nitrogen inputs and for managed wetlands.

	Group Enrollment	Individual Enrollment
Agricultural Activity Tier	Per Acre Fee	New Per Acre Fee Structure
A	\$0.97	\$24.25 per acre 0-300 acres plus \$12.13 per acre over 300 acres
B	\$0.78	\$19.50 per acre 0-300 acres plus \$9.75 per acre over 300 acres

Note: These fee amounts are based on FY 2018-19 revenue and expenditure numbers and do not reflect any potential fee increases for FY 2019-20.

Definitions:

A – All agricultural activities except those identified in Agricultural Activity Tier B.

B - Discharger or group of dischargers whose agricultural activities are managed wetlands, irrigated pastures with no external nitrogen input, those belonging to the California Rice Commission 3rd party group, or are determined by the Regional Water Board or the Executive Officer to be exempt from the precedential requirement to develop an INMP (per Order WQO 2018-0002, In the Matter of Review of Waste Discharge Requirements General Order No. R5-2012-0116 for Growers Within the Eastern San Joaquin River Watershed that are Members of the Third-Party Group).