

Water Quality Fees Stakeholder Meeting

Thursday, August 6, 2020 at 8:30 – 10:00 am

Webcast and Teleconference Meeting Only

Teleconference Number: (888) 273-3658

Participant Code: 300828

NO PHYSICAL MEETING LOCATION

Live Webcast [Here](#)

Fee Branch [Email](#)



AGENDA

1. Welcome and Introductions
2. Waste Discharge Permit Fund (WDPF) Budget Cost Drivers (Attachment 1)
 - a. [Sewer Service Provision for Disadvantaged Communities \(SB 1215\)](#)
 - b. [Accurate and Timely Assessment of California's Surface Water Quality](#)
 - c. [Business Licenses: Stormwater Discharge Compliance \(SB 205\)](#)
 - d. [Continuation of Cannabis Program](#)
 - e. [Freshwater and Estuarine Harmful Algal Bloom Program \(AB 834\)](#)
 - f. [Water Resilience Portfolio](#)
3. Proposed Changes to Water Quality Certification Fee Schedule (Attachment 2)
4. FY 2020-21 Fee Alternatives (Attachment 3)
5. Open Discussion
6. Next Steps

WDPF Budget Cost Drivers
FY 2020-21
(\$000)

A	B	C	D	E (B+C+D)	F	G (E-F)	H (F+G)	I
WDPF Program	FY 19-20 Fee Budget ¹	BCP Changes	Staff Cost & Program Adjustments ^{2,3}	FY 20-21 Allocation Budget ³	FY 20-21 Revenue Forecast	Forecasted Revenue Increase / (Decrease)	FY 20-21 Total Adjusted Revenue	Average Program Percent Change
WDR	\$34,997	\$1,884	(\$90)	\$36,791	\$33,743	\$3,049	\$36,791	9.0%
Land Disposal	\$13,841	\$252	(\$442)	\$13,650	\$14,056	(\$406)	\$13,650	-2.9%
WQC (401 Cert)	\$15,672	\$283	(\$621)	\$15,334	\$14,142	\$1,192	\$15,334	8.4%
Storm Water	\$33,265	\$788	(\$580)	\$33,472	\$31,604	\$1,868	\$33,472	5.9%
NPDES	\$34,331	\$1,846	(\$147)	\$36,029	\$32,524	\$3,506	\$36,029	10.8%
CAF	\$5,648	\$105	(\$68)	\$5,686	\$5,582	\$103	\$5,686	1.9%
Ag Lands (ILRP)	\$7,998	\$166	(\$9)	\$8,155	\$7,832	\$324	\$8,155	4.1%
SUBTOTAL:	\$145,752	\$5,323	(\$1,956)	\$149,118	\$139,483	\$9,635	\$149,118	-
Cannabis	\$17,984	\$700	(\$1,996)	\$16,688	\$4,006	\$12,683	\$16,688	317%
TOTAL:	\$163,736	\$6,023	(\$3,952)	\$165,807	\$143,489	\$22,318	\$165,807	-

¹ Includes redirected expenditures for foundational programs like Basin Planning, TMDL, monitoring and enforcement.

² Includes reallocation for employee compensation, retirement, health care costs and pro rata.

³ Includes an estimated \$7.4 million reduction related to furlough salary savings not included in the enacted budget.

<u>BCP Changes</u>	<u>Amount</u>	<u>Description</u>
Storm Water	\$175	20-21 BCP - Business Licenses: Stormwater Discharge Compliance (SB 205)
All Fee Programs	\$1,500	20-21 BCP - Freshwater and Estuarine Harmful Algal Bloom Program (AB 834)
All Fee Programs	\$1,289	20-21 FL - Accurate and Timely Assessment of California Surface Water Quality
WDR & NPDES	\$1,338	20-21 FL - Water Resilience Portfolio
WDR & NPDES	\$1,087	Year 2 of 19-20 BCP - Sewer Service Provision for Disadvantaged Communities (SB 1215)
Cannabis	\$10,500	20-21 BCP - Continuation of the Cannabis Program
Cannabis	(\$9,866)	17-18 BCP - Cannabis Cultivation (funding expired 6/30/2019)
	<u>\$6,023</u>	

Water Quality Certification (WQC) Fee Schedule – section 2200(a)(3)

(3) The fees for discharges of dredge and fill material shall be as follows.⁹

Standard Fee:¹⁰

Discharge Category	Application Fee ¹¹	Project Fee	Annual Fee ¹²
(A) Fill and Excavation¹³ Discharges Discharge area expressed in acres rounded to two decimal places (0.01 acre)	\$1,949	Impact area in acres x \$17,372, minus application fee, up to a maximum of \$169,099. <u>If this amount is less than \$0, then no project fee is required. (if balance equals less than the application fee, no project fee is required).</u>	\$1,638 <u>for first five fiscal years following the effective date of the order, then \$260 beginning with the sixth fiscal year until the Notice of Completion is issued to discharger.</u>
(B) Dredging¹⁴ Discharges	\$1,949	N/A	Annual dredge volume in cubic

⁹ Fees shall be based on the sum of temporary and permanent impact amounts to be authorized by the order. Impacts include both the excavation and fill area and the dredging area. If water quality certification is issued in conjunction with dredge or fill WDRs or issued for a discharge regulated under preexisting WDRs for the same project, the project will be assessed a single fee derived from this dredge and fill fee schedule. Discharges requiring certification and regulated under a federal permit or license other than a US Army Corp of Engineers Clean Water Act Section 404 permit or a Federal Energy Regulatory Commission License shall be assessed a fee determined from Section 2200(a).

¹⁰ Fees shall be based on the sum of project impacts. Projects that include both category (A) and category (B) discharges shall be subject to the category (A) application and project fees. A single annual fee shall be assessed based on the higher of the applicable annual fee categories.

¹¹ Dischargers shall pay a one-time application fee and the project fee, if a project fee is required, for each project at the time that the application or report of waste discharge is submitted. Application and project fees shall be determined according to the fee schedule in effect on the date of application submittal.

¹² Consistent with Section 2200.2, the sum of the application fee and the project fee shall serve as the first annual fee. If the submittal of this first annual fee does not coincide with the current fiscal year billing cycle, then the next, and only the next, fiscal year billing shall be adjusted to account for the payment of the application fee. The annual fee for category (B) dredging discharges will be calculated using the annual dredge volume authorized in the applicable Order. Annual fee invoices are based on the fee schedule in effect for the fiscal year in which the invoice is issued.

¹³ "Excavation" refers to removing sediment or soil in shallow waters or under no-flow conditions, typically for purposes other than navigation. Examples include, but are not limited to, trenching for utility lines; other earthwork preliminary to discharge; removing sediment to increase channel capacity; and other flood control and drainage maintenance activities (e.g., debris removal, vegetation management and removal, detention basin maintenance and erosion control of slopes along open channels and other drainage facilities).

¹⁴ "Dredging" refers to removing sediment or aquatic vegetation, typically in deeper water for navigation purposes. For fee purposes, this fee category includes aggregate extraction within stream channels,

Water Quality Certification (WQC) Fee Schedule – section 2200(a)(3)

(except <u>Sand Mining Category C activities</u> -see (C) below) Dredge volume expressed in cubic yards.			yards x \$0.426, up to a project maximum of \$169,099. The minimum annual fee is \$1,949.
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Special/Flat Fee:¹⁵

Discharge Category	Application Fee	Annual Fee
(C) Sand Mining, <u>In-Stream Gravel Mining and Beach Nourishment Dredging Discharges</u> Aggregate extraction in <u>marine surface</u> waters where source material is free of pollutants and the dredging operation will not violate any basin plan provisions <u>and beach nourishment projects</u> .	\$1,949	\$975 <u>650</u>
(D) Ecological Restoration and Enhancement Projects Projects undertaken for the primary purpose of restoring or enhancing the beneficial uses of water. This schedule does not apply to projects required under a regulatory mandate or to projects that are not primarily intended for ecological restoration or enhancement, e.g., land development. This category does not include mitigation banking or in-lieu fee programs, or projects implemented in response to an enforcement action. The project meets the definition of an “Ecological Restoration and Enhancement Project” set forth in the State Wetland Definition and Procedures for Discharges of Dredged or Fill Materials to Waters of the State, adopted by the State Water Board on April 2, 2019. ¹⁶	\$520	\$260

where the substrate is composed of coarse sediment (e.g., gravel) and is replenished by normal winter flows (e.g., point bars).

¹⁵ To qualify for a special/flat fee category, the whole of a project must meet the fee category description (i.e., all project discharges are limited to those defined by the fee category).

¹⁶ Ecological Restoration and Enhancement Project means the project is voluntarily undertaken for the purpose of assisting or controlling the recovery of an aquatic ecosystem that has been degraded, damaged or destroyed to restore some measure of its natural condition and to enhance the beneficial uses, including potential beneficial uses of water. Such projects are undertaken:

1) in accordance with the terms and conditions of a binding stream or wetland enhancement or restoration agreement, or a wetland establishment agreement, between the real property interest owner or the entity conducting the habitat restoration or enhancement work and:

- a. a federal or state resource agency, including, but not limited to, the U.S. Fish and Wildlife Service, Natural Resources Conservation Service, Farm Service Agency, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Forest Service, U.S. Bureau of Land Management, California Department of Fish and Wildlife, California Wildlife Conservation Board, California Coastal Conservancy or the Delta Conservancy;

Water Quality Certification (WQC) Fee Schedule – section 2200(a)(3)

<p>(E) Low Impact Discharges Projects may be classified as low impact discharges if the project meets all of the following criteria:</p> <ol style="list-style-type: none"> 1. The discharge size is less than all of the following: (a) for fill, 0.1 acre, and 300 linear feet, and (b) for dredging, 25 cubic yards. 2. The discharger demonstrates that: (a) all practicable measures will be taken to avoid impacts; (b) where unavoidable temporary impacts take place, waters and vegetation will be restored to pre-project conditions as quickly as practicable; and (c) where unavoidable permanent impacts take place, there will be no net loss of wetland, riparian area, or headwater functions, including onsite habitat, habitat connectivity, floodwater retention, and pollutant removal. 3. The discharge will not do any of the following: (a) directly or indirectly destabilize a bed of a receiving water; (b) contribute to significant cumulative effects; (c) cause pollution, contamination, or nuisance; (d) adversely affect candidate, threatened, or endangered species; (e) degrade water quality or beneficial uses; (f) be toxic; or (g) include “hazardous” or “designated” material. 	\$1,949	\$260

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- b. a local agency with the primary function of managing land or water for wetland habitat purposes;
or
 - c. a non-governmental conservation organization; or
2) by a state or federal agency that is statutorily tasked with natural resource management.
These projects do not include the conversion of a stream or natural wetland to uplands or stream channelization. It is recognized that Ecological Restoration and Enhancement Projects may require ongoing maintenance or management to maximize fish, wildlife, habitat, or other ecological benefits, or filling gullied stream channels and similar rehabilitative activities to re-establish stream and meadow hydrology. Changes in wetland plant communities that occur when wetland hydrology is more fully restored during rehabilitation activities are not considered a conversion to another aquatic habitat type. These projects also do not include actions required under a Water Board Order for mitigation, actions to service required mitigation, or actions undertaken for the primary purpose of land development.

Water Quality Certification (WQC) Fee Schedule – section 2200(a)(3)

(F) Emergency Projects Authorized by a Water Board General Order	\$1,949	\$260
<p>(G) Amended Orders⁴⁶¹⁷ Amendments of WDRs or water quality certifications previously issued.</p> <p>(1) All category (D) Ecological Restoration and Enhancement Projects, regardless of amendment type.</p> <p>(2) Administrative amendments including, but not limited to, ownership changes, typographic edits, or time extensions that do not result in a temporal loss of resource function. Amendments in this category require no technical analysis or additional compensatory mitigation.</p> <p>(3) Amendment results in changes(s) in impact character, location, or volume of the discharge; or a time extension that results in a temporal loss of resource function, according to the following criteria:</p> <ul style="list-style-type: none"> • Amendment increases the active certification’s impact quantity by less than 50 percent, and • Amendment does not require a change to the mitigated aquatic resource type. <p>(4) Amendment requires a supplemental CEQA analysis, or Amendment results in a change(s) in impact character, location, or volume of the discharge, or a time extension that results in a temporal loss of resource function, according to the following criteria:</p> <ul style="list-style-type: none"> • Amendment increases the active certification’s impact quantity by more than 50 percent, or • Amendment requires a change to the mitigated aquatic resource type. 	<p>(1) No fee required</p> <p>(2) No fee required</p> <p>(3) Additional standard fee assessed per increased amount of discharge(s). The minimum fee is \$1,949.</p> <p>(4) New standard fee assessed per new project discharge total. The minimum fee is \$1,949.</p>	Annual fee applicable per discharge category
<p>(H) Wildfire Mitigation by Electrical Corporations, Electrical Utilities, and Electrical Cooperatives Dredge or fill activities conducted by electrical corporations, electrical utilities, and electrical cooperatives pursuant to a wildfire mitigation plan prepared in accordance with Public Utilities Code, section 8386(b) or section 8287(b)(1). This annual fee covers all dredge or fill activities conducted by the electrical corporations, electrical utilities, and electrical cooperatives pursuant to a wildfire mitigation plan, and is</p>	N/A	\$43.00 per mile of overhead electrical lines identified as high risk or high threat in the wildfire mitigation plan.

⁴⁶¹⁷ Dischargers that have met the project fee cap will be assessed the minimum fee for each amendment of previously-issued WDR or water quality certification.

Water Quality Certification (WQC) Fee Schedule – section 2200(a)(3)

in lieu of the project-specific dredge or fill fees in section(a)(3)(A)-(G) for dredge or fill activities conducted pursuant to a wildfire mitigation plan.		
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FY 2020-21 Fee Alternatives

Current Fee Structure			
Program	FY 20-21 ¹	BY+1 ²	BY+2 ³
WDR	-	11.8%	7.3%
Land Disposal	-	-	7.3%
WQC	-	11.1%	7.3%
Storm Water	-	8.6%	7.3%
NPDES	-	13.5%	7.3%
Ag Lands	-	4.4%	7.3%
CAF	-	6.7%	7.3%
WDPF Avg	0%	9.6%	7.3%

(A) Budget Augmentations Increase fees related to BCP's (~50%)			
Program	FY 20-21 ¹	BY+1 ²	BY+2 ³
WDR	5.6%	5.9%	7.3%
Land Disposal	-	-	7.3%
WQC	<1%	11.1%	7.3%
Storm Water	2.3%	5.9%	7.3%
NPDES	5.5%	7.6%	7.3%
Ag Lands	<1%	4.4%	7.3%
CAF	<1%	6.7%	7.3%
WDPF Avg	3.7%	6.3%	7.3%

(B) Budget Augmentations & Partial Need Increase for BCP's and partial shortfall (~75%)			
Program	FY 20-21 ¹	BY+1 ²	BY+2 ³
WDR	8.5%	2.9%	7.3%
Land Disposal	-	-	7.3%
WQC	6.0%	5.6%	7.3%
Storm Water	5.3%	3.0%	7.3%
NPDES	9.3%	3.8%	7.3%
Ag Lands	1.4%	2.2%	7.3%
CAF	3.5%	3.4%	7.3%
WDPF Avg	5.6%	3.2%	7.3%

(C) Full Increase Increase fees based on enacted budget (100%)			
Program	FY 20-21 ¹	BY+1 ²	BY+2 ³
WDR	9.0%	2.5%	7.3%
Land Disposal	-	-	7.3%
WQC	8.4%	2.5%	7.3%
Storm Water	5.9%	2.5%	7.3%
NPDES	10.8%	2.5%	7.3%
Ag Lands	1.9%	2.5%	7.3%
CAF	4.1%	2.5%	7.3%
WDPF Avg	6.9%	2.5%	7.3%

Add'l Rev Gen	\$0
Net Shortage	\$9,635,404
Vacancy Hold	101-111

Add'l Rev Gen	\$5,389,000
Net Shortage	\$4,246,404
Vacancy Hold	75-85

Add'l Rev Gen	\$7,211,264
Net Shortage	\$2,424,140
Vacancy Hold	50-60

Add'l Rev Gen	\$9,635,404
Net Shortage	\$0
Vacancy Hold	20-30

- ¹ Includes an estimated expenditure reduction associated with furlough salary savings.
- ² Includes the estimated furlough salary savings with no increase in salaries, and a general 2.5% increase in other costs.
- ³ Removes the estimated furlough salary savings, adds a 3% salary increase, and a general 2.5% increase in other costs.

<u>BCP Changes</u>	<u>PYs</u>	<u>Amount</u>	<u>Description</u>
Storm Water	1	\$175,000	20-21 BCP - Business Licenses: Stormwater Discharge Compliance (SB 205)
All Programs	5	\$1,500,000	20-21 BCP - Freshwater and Estuarine Harmful Algal Bloom Program (AB 834)
All Programs	8	\$1,289,000	20-21 FL - Accurate and Timely Assessment of California Surface Water Quality
WDR & NPDES	6	\$1,338,000	20-21 FL - Water Resilience Portfolio
WDR & NPDES	6	\$1,087,000	Year 2 of 19-20 BCP - Sewer Service Provision for Disadvantaged Communities (SB 1215)
	26	\$5,389,000	