

Recycled Water Permits Fees Stakeholder Meeting

April 18, 2024

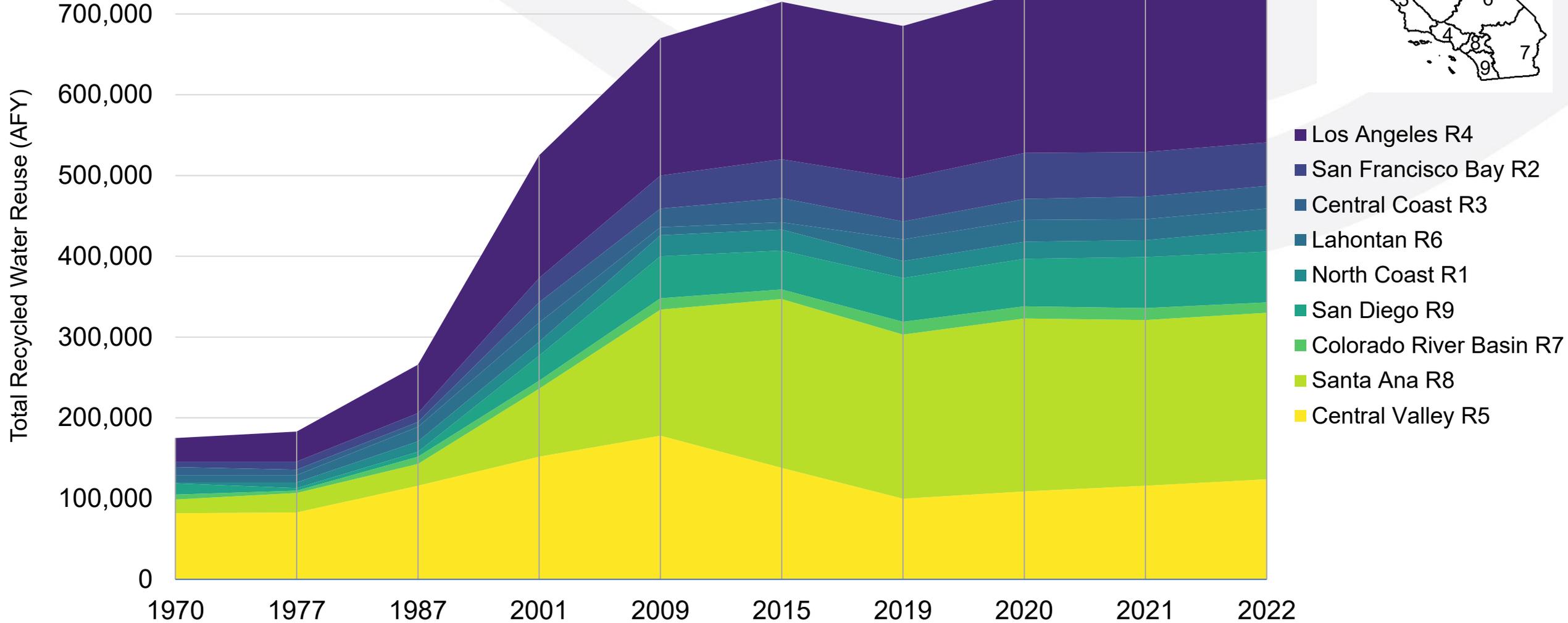


Division of Administrative Services – Fee Branch

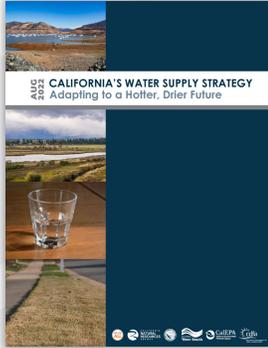
Staff Presentation

- Recycled Water History
- Permitting Staff and Fee Authority
- Fee Development Timeline
- Guiding Principles for Waste Discharge Permit Fund (WDPF) Program Fees
- Projected Program Expenditures
- Impacted Permit Types
- Fee Options
- Open Discussion
- Next Steps

Recycled Water History



Recycled Water Goals



2018 Recycled Water Policy

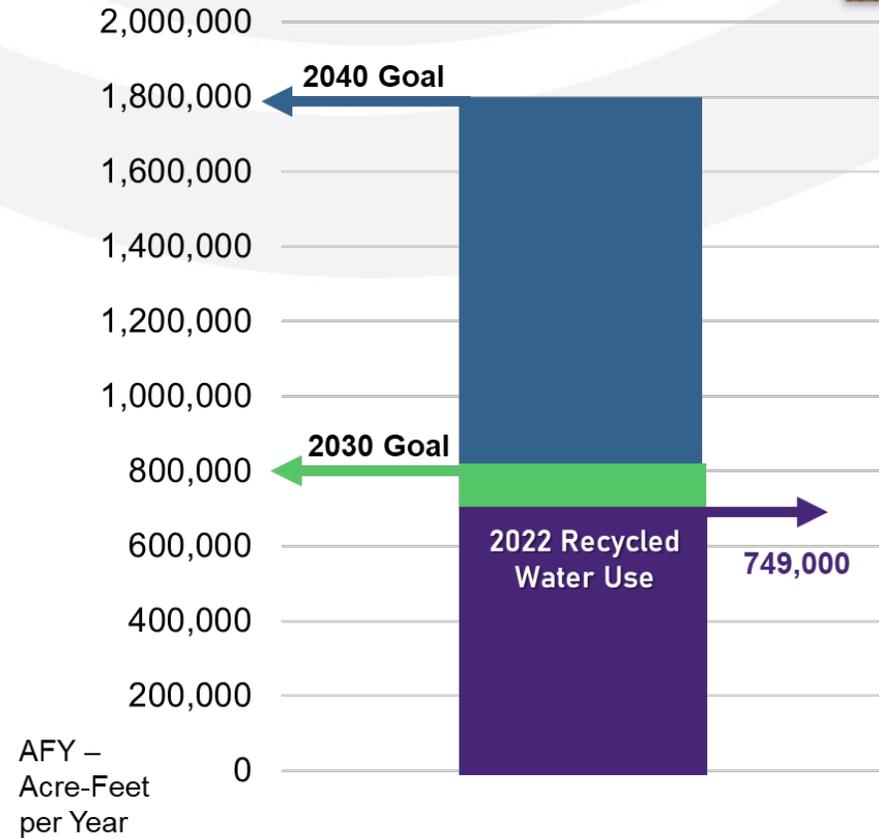


INCREASE
the volume of recycled water used to at least 2.5 million acre-feet a year in the next decade

MAXIMIZE
reuse where groundwater supplies are in a state of overdraft

REUSE
all dry weather discharge to enclosed bays, estuaries, coastal lagoons, and ocean waters, as feasible

2022 Water Supply Strategy



Permitting Staff and Fee Authority

- Regional water boards' staff time to permit and perform ongoing case management on recycled water projects has been absorbed by existing National Pollutant Discharge Elimination System (NPDES) and Waste Discharge Requirement (WDR) program staff.
 - A WDR or NPDES permit takes up to 25% longer to write when non-potable recycling requirements are directly incorporated into the permit, and the existing fees are not commensurate with this workload.
- Prior to 2023, the Water Boards lacked authority to assess fees for individual Water Recycling Requirements (WRRs) or for the additional time and complexity associated with including recycling requirements directly in WDRs or NPDES permits.
- FY 23/24 Budget included a trailer bill to provide fee authority for recycled water permitting.
- FY 23/24 Water Supply Strategy Implementation Budget Change Proposal
 - Water Boards obtained 15 PYs for permitting recycled water projects.

Establishing Fee Authority for Recycled Water Facilities

- Clean-up to Water Code sections 13260 and 13523 to provide explicit authority to assess fees for recycled water facilities to ensure adequate oversight and resources for timely permitting of recycled water projects.

Fee Development Timeline

- April 18 – First RWP Stakeholder Meeting
- May 22 – Second RWP Stakeholder Meeting
- June 13 – Second Water Quality Fees Stakeholder Meeting
- *June – Third RWP Stakeholder Meeting (if needed)*
- August 1 – Third (Final) Water Quality Fees Stakeholder Meeting
- 2nd Sept Board Mtg – FY 2024-25 Fee Schedule Proposal

Guiding Principles for WDPF Program Fees

- Revenue neutral
- Not a “Fee for Service” model
- Implementable statewide
- Indirect and redirected costs are added to direct program expenditures
- Minimize yearly swings

Proposed Program Expenditures

Staff Workload	Statewide PYs	Annual Staff Costs
<ul style="list-style-type: none"> Review and process recycled water permit applications and renewals, including updating permits to be consistent with recycled water regulations to protect public health and the environment. Conduct community engagement and outreach related to planning and promoting recycled water implementation. Communicate processes and activities required in permitting recycled water projects to interested parties. Coordinate with agency partners to assist in conservation efforts through sharing recycled water, drinking water, and wastewater data. Coordinate with the Division of Drinking Water, Division of Water Rights, Division of Water Quality, and interested parties on facility permits, consistent with Water Boards racial equity resolutions and related actions. 	<p>Statewide Total: 15 PYs</p> <ul style="list-style-type: none"> Regional Board 1 - 1 PY Regional Board 2 - 2 PYs Regional Board 3 - 2 PYs Regional Board 4 - 2 PYs Regional Board 5 - 2 PYs Regional Board 8 - 3 PYs Regional Board 9 - 3 PYs <p>Average Cost per PY: \$225,000</p>	<p>Total Staff Costs: \$3,375,000</p> <p>Target: \$3,375,000</p>

Impacted Permit Types

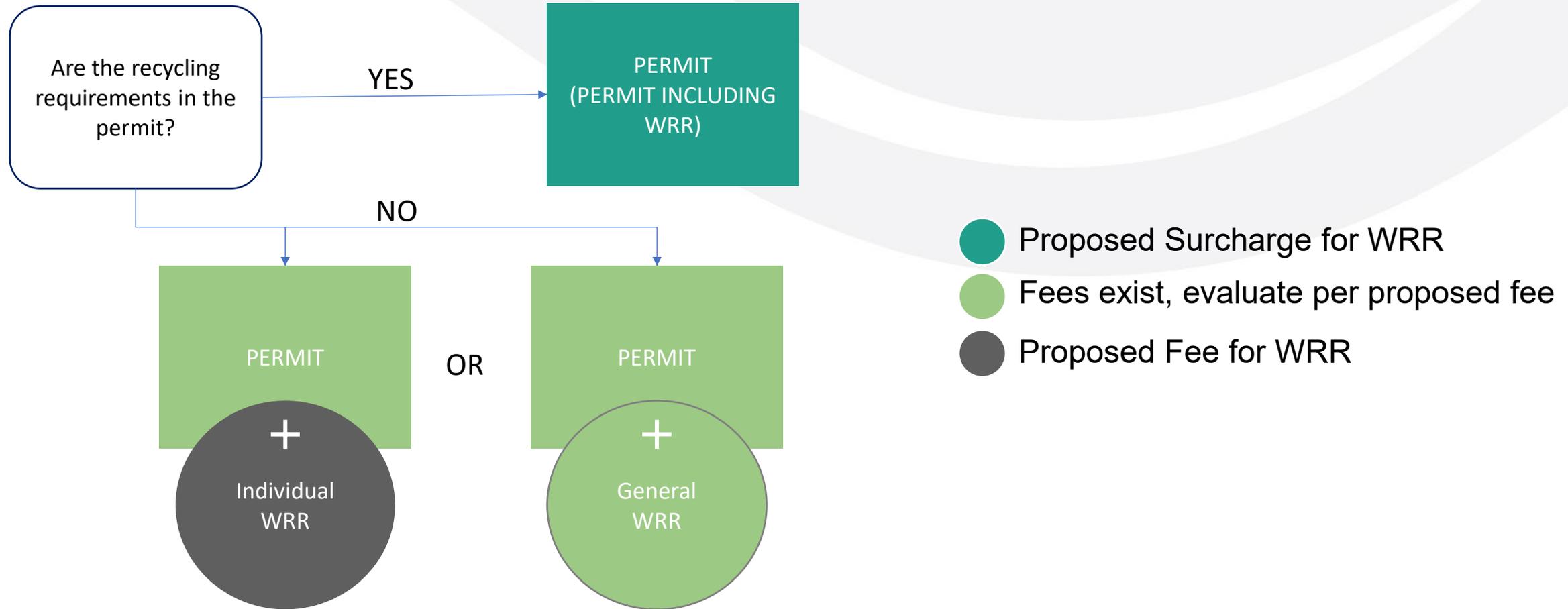
- Fee would be assessed for water recycling requirements written for National Pollutant Discharge Elimination System (NPDES) permits, Waste Discharge Requirements (WDRs), and/or Water Recycling Requirements (WRRs).

Recycled Water Permitting

- Water recycling requirements may be:
 - (1) directly incorporated in the discharge permit of a facility (i.e., waste discharge requirements or National Pollutant Discharge Elimination System permits),
 - (2) issued as a separate individual permit (i.e. individual water recycling requirements),
 - or (3) issued via enrollment in a statewide general permit. (i.e. 2016-0068- DDW)



Basic Example



Option A: Flat Surcharge for All Types

Fee based on the type of recycled water produced.

Type of Recycled Water Produced	Total # of Permits	FY 23-24 Revenue	Proposed Surcharge	Projected Surcharge Total Revenue Amt	FY 24-25 Projected Total Revenue Amt (Base + Surcharge)
Non-Potable	261	\$16,112,403	16%	\$2,577,984	\$18,690,387
Potable	9	\$1,669,523	47%	\$784,676	\$2,454,199
Total	270	\$17,781,926		\$3,362,660	\$21,144,586

Option B: Surcharge by Flow

Fee based on permitted design flow for facility.

Flow	Total # of Permits	FY 23-24 Revenue	Proposed Surcharge	Projected Surcharge Total Revenue Amt	FY 24-25 Projected Total Revenue Amt (Base + Surcharge)
< 1 MGD Design Flow	96	\$1,586,688	12%	\$190,403	\$1,777,091
1 MGD to 50 MGD Design Flow	158	\$9,781,970	17%	\$1,662,935	\$11,444,905
> 50 MGD Design Flow	16	\$6,413,268	22%	\$1,410,919	\$7,824,187
Total	270	\$17,781,926		\$3,264,256	\$21,046,182

Option C: Surcharge by Type & Flow

Fee would be based on type of recycled water produced and permitted design flow.

Flow for Non-Potable Water Recycling	Total Permits	FY 23-24 Revenue	Proposed Surcharge	Projected Surcharge Total Revenue Amt	FY 24-25 Projected Total Revenue Amt (Base + Surcharge)
< 1 MGD Design Flow	96	\$1,586,688	8%	\$126,935	\$1,713,623
1 MGD to 50 MGD Design Flow	152	\$9,358,116	12%	\$1,122,974	\$10,481,090
> 50 MGD Design Flow	13	\$5,167,599	22%	\$1,136,872	\$6,304,471
Total	261	\$16,112,403		\$2,386,781	\$18,499,184

Option C: Surcharge by Type & Flow (cont'd)

Fee would be based on type of recycled water produced and permitted design flow.

Flow for Potable Water Recycling	Total Permits	FY 23-24 Revenue	Proposed Surcharge	Projected Surcharge Total Revenue Amt	FY 24-25 Projected Total Revenue Amt (Base + Surcharge)
< 1 MGD Design Flow	0	\$0	24%	\$0	\$0
1 MGD to 50 MGD Design Flow	6	\$423,854	36%	\$152,587	\$576,441
> 50 MGD Design Flow	3	\$1,245,669	66%	\$822,142	\$2,067,811
Total	9	\$1,669,523		\$974,729	\$2,644,252

Grand Total	270	\$17,781,926		\$3,361,510	\$21,143,436
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Option A: Example Fees

Fee based on the type of recycled water produced.

Recycled Water Produced	FY 23-24 Current Permit Fee	Proposed Surcharge Rate	Proposed Surcharge Amount	FY 24-25 Proposed Total Fee
Non-potable (<i>Discharger A</i>)	\$904,107	16%	\$144,657	\$1,048,764
Non-potable	\$134,345	16%	\$21,495	\$155,840
Non-potable (<i>Discharger B</i>)	\$1,873	16%	\$300	\$2,173
Potable	\$645,876	47%	\$303,562	\$949,438
Potable (<i>Discharger C</i>)	\$112,167	47%	\$52,718	\$164,885
Potable (<i>Discharger D</i>)	\$48,762	47%	\$22,918	\$71,680

Option B: Example Fees

Fee based on permitted design flow for facility.

Flow	FY 23-24 Current Permit Fee	Proposed Surcharge Rate	Proposed Surcharge Amount	FY 24-25 Proposed Total Fee
Less than 1 MGD Design Flow	\$44,554	12%	\$5,346	\$49,900
Less than 1 MGD Design Flow	\$20,085	12%	\$2,410	\$22,495
Less than 1 MGD Design Flow (<i>Discharger B</i>)	\$1,873	12%	\$225	\$2,098
1 MGD to 50 MGD Design Flow	\$260,173	17%	\$44,229	\$304,402
1 MGD to 50 MGD Design Flow (<i>Discharger C</i>)	\$112,167	17%	\$19,068	\$131,235
1 MGD to 50 MGD Design Flow	\$3,746	17%	\$637	\$4,383
Greater than 50 MGD Design Flow (<i>Discharger A</i>)	\$904,107	22%	\$198,904	\$1,103,011
Greater than 50 MGD Design Flow	\$343,865	22%	\$75,650	\$419,515
Greater than 50 MGD Design Flow (<i>Discharger D</i>)	\$48,762	22%	\$10,728	\$59,490

Option C: Example Fees

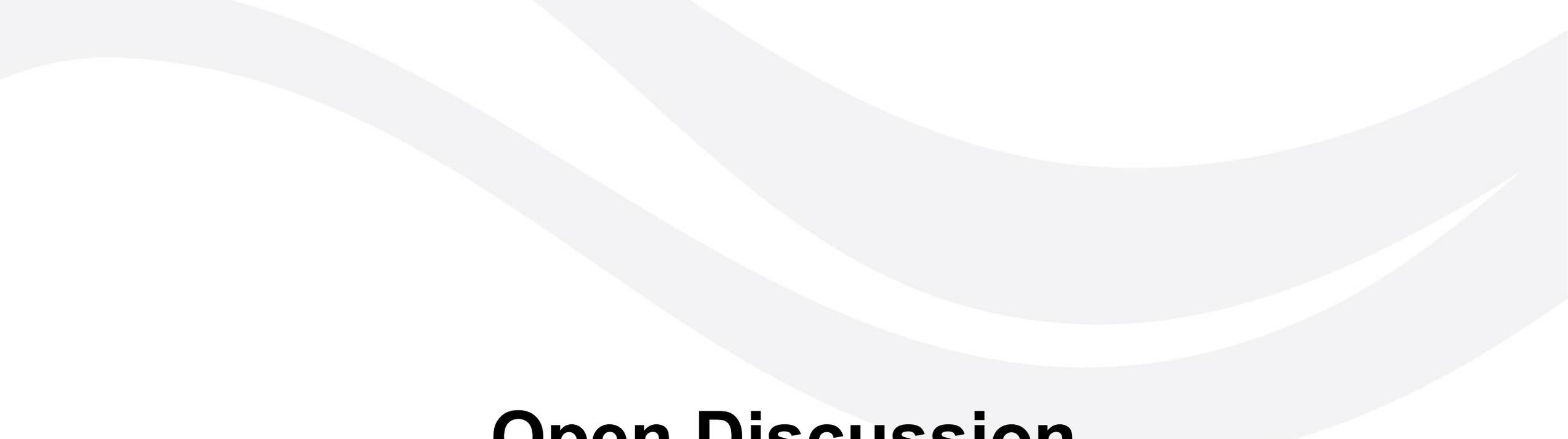
Fee based on type of recycled water produced and permitted design flow.

Non-Potable	FY 23-24 Current Permit Fee	Proposed Surcharge Rate	Proposed Surcharge Amount	FY 24-25 Proposed Total Fee
Less than 1 MGD Design Flow	\$44,554	8%	\$3,564	\$48,118
Less than 1 MGD Design Flow	\$20,085	8%	\$1,607	\$21,692
Less than 1 MGD Design Flow (<i>Discharger B</i>)	\$1,873	8%	\$150	\$2,023
1 MGD to 50 MGD Design Flow	\$260,173	12%	\$31,221	\$291,394
1 MGD to 50 MGD Design Flow	\$134,345	12%	\$16,121	\$150,466
1 MGD to 50 MGD Design Flow	\$3,746	12%	\$450	\$4,196
Greater than 50 MGD Design Flow (<i>Discharger A</i>)	\$904,107	22%	\$198,904	\$1,103,011
Greater than 50 MGD Design Flow	\$343,865	22%	\$75,650	\$419,515
Greater than 50 MGD Design Flow	\$166,821	22%	\$36,701	\$203,522

Option C: Example Fees (cont'd)

Fee based on type of recycled water produced and permitted design flow.

Potable	FY 23-24 Current Permit Fee	Proposed Surcharge Rate	Proposed Surcharge Amount	FY 24-25 Proposed Total Fee
Less than 1 MGD Design Flow	\$0	24%	\$0	\$0
1 MGD to 50 MGD Design Flow (<i>Discharger C</i>)	\$112,167	36%	\$40,380.12	\$152,547.12
Greater than 50 MGD Design Flow (<i>Discharger D</i>)	\$48,762	66%	\$32,182.92	\$80,944.92
Greater than 50 MGD Design Flow	\$645,876	66%	\$426,278.16	\$1,072,154.16



Open Discussion

Next Steps

- Thursday, May 2 – Stakeholder Feedback Due
 - Send feedback to FeeBranch@waterboards.ca.gov
- Wednesday, May 22 – Second RWP Stakeholder Meeting