Water Right and Water Quality Certification
Fees
FY 2004-2005

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Division of Water Rights

May 17, 2004
Discussion

- Overview
- Objectives
- Constraints
- Background
- This year
- Next steps
Overview

Purposes of the meeting

– To hear comments and suggestions on revisions to the fee schedule.

– To assemble an ad hoc working group to assist the SWRCB and staff on fee issues
  » Working Group size
  » Working Group representation

– To charge the working group with the task of developing recommendations to the SWRCB for changes in the existing fee schedule

– To develop a schedule for submittal of the working group’s recommendations
Working Group Objectives

- To develop a fee schedule that generates revenues to the Water Right Fund consistent with the Budget Act of 2004.
- To develop a fee schedule that can be implemented using the resources provided by the legislature for fee-related work.
- To make the fees as “equitable” as possible.
- To develop and implement any changes in sufficient time to generate revenues as close to July 1, 2004 as possible.
Working Group Constraints

The Proposed Fee Schedule Must:

- Generate the necessary revenues
  - Must generate amounts specified in the Budget Act
  - Funding must be relatively stable
  - Fees must be affordable

- Be able to be implemented using available resources
  - Must be based on available information/data
  - Should not require more than 1 PY to implement unless additional resources are allowed by the Legislature

- Be legally supportable
Contraints (cont.)

- The Working Group must:
  - Be balanced in terms of representation
  - Be large enough to represent all fee payers
  - Be small enough to reach a decision
Working Group Goals

The fees should:

- Provide motivation to the fee payers to comply with the law
- Implement the laws, regulations and policies of the State
Background: FY 2003-2004

Revenue

» Target Revenue was $4.6M
» Billed Amount (as of May 1)
  ■ Annual Fees Billed: $7.5M
  ■ Filing Fees Billed: $6.5M
» Collected Amount (as of May 1) *
  ■ Annual Fees Collected: $6.7M**
  ■ Filing Fees Collected: $0.350M
» Collection Rate *
  ■ Annual Fees: 89%
  ■ Filing Fees: 0.05%

*does not include refunds ordered as a result of reconsideration
**includes penalties and interest
Background: FY 2003-2004 (cont.)

- Annual Permit and License Fees
  - Stipulation between the SWRCB and NCWA required that fees be paid
  - Of $6.7M in annual fees collected
    » $3.7M is associated with the NCWA litigation
    » $3M is not associated with the litigation
  - Collection Rate of non-litigation-related fees is 40%
<table>
<thead>
<tr>
<th>Fee Source</th>
<th>New Fees</th>
<th>Estimated Cases</th>
<th>Est. Billing Amount</th>
<th>Est. Revenue (1)</th>
<th>Accounts Billed (2)</th>
<th>Accounts Paid</th>
<th>Collected (as of 5/1/04)</th>
</tr>
</thead>
<tbody>
<tr>
<td>401 Certification - §1071</td>
<td>0.085/KW</td>
<td>NA</td>
<td>$350,583</td>
<td>$210,350</td>
<td>32</td>
<td>29</td>
<td>$316,237</td>
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<tr>
<td>Appl. Annual Fee - §1063(a)(1)-(5)</td>
<td>$1,000</td>
<td>1</td>
<td>$1,000</td>
<td>$600</td>
<td>0</td>
<td>0</td>
<td>$0</td>
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<tr>
<td>Petition Annual Fees - §1065(a)-(d)</td>
<td>$1,000</td>
<td>2</td>
<td>$2,000</td>
<td>$1,200</td>
<td>0</td>
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<tr>
<td>Water Lease Annual Fee - §1067(a)(2)&amp;(b)(1)</td>
<td>$10,100</td>
<td>0</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>0</td>
<td>$0</td>
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<tr>
<td>Permits &amp; Licenses Annual Fees-§1066©(see 1)</td>
<td>$100</td>
<td>NA</td>
<td>$7,098,227</td>
<td>$4,258,936</td>
<td>13247</td>
<td>9616</td>
<td>$6,411,099</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$7,451,810</strong></td>
<td><strong>$4,471,086</strong></td>
<td><strong>13,279</strong></td>
<td><strong>9,645</strong></td>
<td><strong>$6,727,336</strong></td>
</tr>
</tbody>
</table>

(1) It was assumed that all annual fees billed would be subject to a non collection rate of 40%

(2) Annual application and petition fee liability has been determined by the Division; however, bill have not yet been mailed due to BOE staffing constraints. Bills will be sent by 6/1/04
# Background FY03-04 (cont.)

## One-Time Fees (Collected by SWRCB)

<table>
<thead>
<tr>
<th>Fee Source</th>
<th>New Fees</th>
<th>Estimated Cases (3)</th>
<th>Est. Amount of Billing</th>
<th>Estimated Revenue</th>
<th>Accounts Billed</th>
<th>Accounts Billed</th>
<th>Collected (as of 5/13/04)</th>
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<tbody>
<tr>
<td>Applications- §1062 (a)(1)</td>
<td>$1,000</td>
<td>60</td>
<td>$60,000</td>
<td>$60,000</td>
<td>n/a</td>
<td>12</td>
<td>$257,744</td>
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<tr>
<td>FAS Petition w/ Appl- §1062 (a)(2)</td>
<td>$10,000</td>
<td>0</td>
<td>$0</td>
<td>$0</td>
<td>n/a</td>
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<td>$0</td>
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<tr>
<td>State Filing Assignment- §1062 (a)(3)</td>
<td>$5,000</td>
<td>1</td>
<td>$5,000</td>
<td>$5,000</td>
<td>n/a</td>
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<td>$0</td>
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<tr>
<td>Supplemental Fee W.C. §1062 (b)</td>
<td>$900</td>
<td>0</td>
<td>$0</td>
<td>$0</td>
<td>26</td>
<td>8</td>
<td>$23,380</td>
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<tr>
<td>Change Petition- §1064 (a)(1)&amp;(a)(3)</td>
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<td>34</td>
<td>$34,000</td>
<td>$34,000</td>
<td>n/a</td>
<td>11</td>
<td>$55,900</td>
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<td>Change Petition for instream uses- §1064 (a)(1)</td>
<td>$850</td>
<td>1</td>
<td>$850</td>
<td>$850</td>
<td>n/a incl. Above</td>
<td>incl. Above</td>
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<tr>
<td>Extension Petition- §1064 (a)(2)</td>
<td>$1,000</td>
<td>10</td>
<td>$10,000</td>
<td>$10,000</td>
<td>n/a</td>
<td>2</td>
<td>$1,100</td>
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<td>Wastewater Petitions- §1064 (a)(4)</td>
<td>$1,000</td>
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<td>$1,000</td>
<td>$1,000</td>
<td>0</td>
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<tr>
<td>Release of Priority (State Filing)- §1064(a)(5)</td>
<td>$5,000</td>
<td>0</td>
<td>$0</td>
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<td>n/a</td>
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<tr>
<td>Water Lease Application- §1067(a)(1)</td>
<td>$10,000</td>
<td>0</td>
<td>0</td>
<td>$0</td>
<td>n/a</td>
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<td>$0</td>
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<tr>
<td>S. Domestic and Stockpond Reg.- §1068</td>
<td>$250</td>
<td>40</td>
<td>$10,000</td>
<td>$10,000</td>
<td>n/a</td>
<td>6</td>
<td>$1,500</td>
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<td>5-year Renewal Fee-§1068</td>
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<td>30</td>
<td>$3,000</td>
<td>$3,000</td>
<td>-</td>
<td>61</td>
<td>$5,400</td>
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<td>Proof of Claim-§1069</td>
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<td>0</td>
<td>$0</td>
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<td>$0</td>
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<tr>
<td>FERC FEE</td>
<td>$1,000</td>
<td>0</td>
<td>0</td>
<td>$0</td>
<td>n/a</td>
<td>1</td>
<td>$1,000</td>
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<tr>
<td>Groundwater Reclamation- §1070</td>
<td>$115</td>
<td>570</td>
<td>$65,550</td>
<td>$65,550</td>
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<td>$4,395</td>
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<tr>
<td>ACL Penalties</td>
<td>$6,000</td>
<td>3</td>
<td>$18,000</td>
<td>$18,000</td>
<td>4</td>
<td>0</td>
<td>$0</td>
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<tr>
<td><strong>Total for Year</strong></td>
<td><strong>$207,400</strong></td>
<td><strong>$207,400</strong></td>
<td><strong>$350,419</strong></td>
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</tbody>
</table>

(3) Estimated cases is half of the long term number of average annual cases
Background: FY 2003-2004 (cont.)

- Annual Permit/License and FERC Fee Payers*
  - No. billed was 13,279
  - No. paid was 9,645
  - Payment Rate: 73%

- Supplemental Fee Payers
  - No. billed was 26
  - No. paid was 8
  - Payment rate: 30%

*as of May 1, 2004
401 Certification
- Amount billed: $350,582
- Amount paid: $316,237 (90%)

Permit & License Holders (excl. USBR)
- Amount billed: $4,504,890
- Amount paid: $4,176,484 (88%)

USBR Contractors
- Amount billed: $2,593,336
- Amount paid: $2,234,614 (86%)
Background: FY 2003-2004 (cont.)

- OCC: 0.65 PYs
  » Rulemaking
  » Petitions for Reconsideration:
  » Litigation

- Division of Water Rights: 12.53 PYs
  » Permitting Section: 1.30 PYs
    ■ Supplemental and annual application fees
    ■ Database updates
  » Hearings and Special Projects Section: 3.18 PYs
    ■ Rulemaking
    ■ Petitions for Reconsideration
    ■ Litigation
  » Licensing Section: 7.20 PYs
    ■ Ownership Changes
    ■ Petitions for Reconsideration
    ■ Database verification
Benefits

- Database Updates
  - Ownership Changes (since July 2003)
    - 1825 requested
    - 1775 processed
  - Permit/License Revocations (since January 2004)
    - 128 requested
    - 46 processed
  - Application Cancellations (since January 2003)
    - 19 processed
This Year: FY 04-05

– Governor’s Proposed Budget for Water Right Related Activities

» SWRCB (Division of Water Rights/OCC)
  - Water Rights Fund: $7.764M
  - Federal Reimbursements: $0.407M
  - Other Reimbursements: $0.419M
  - Tobacco Tax Funding: $0.272M
  - General Fund: $62,800*

» BOE
  - Water Rights Fund: $0.428M

*Based on 03-04 budget (Bay/Delta work)
This Year: FY 04-05 (cont.)

» Budgeted Fee Revenues: $8.192M
» FY 03-04 over-collections: $2.45M
» Target: $5.742M
» Billed amount to collect $5.72M at various non-collection rates:
  - 10%: $6.38M
  - 15%: $6.75M
  - 20%: $7.17M
  - 25%: $7.66M
  - 30%: $8.20M
  - 40%: $9.57M
» Billed amount FY 03-04: $7.4M
**Next Steps**

- Continue to update the fee revenue collection information
- Continue to update the water right database
- Review the suggestions received at this meeting
- Identify those who would like to participate in the ad hoc Working Group
- Set up the ad hoc Working Group
- Staff to assist the Working Group
Closing

- **Fees**
  - No one likes to pay them
  - Zero sum game

- **Other points**
  - The SWRCB and Division are also interested in making improvements to the water right process:
    » Legislative
    » Regulatory
    » Administrative
We’ve Got to Work Together