



Water Rights Fees Stakeholder Meeting

DATE:	Thursday, August 4, 2016
TIME:	1:00 – 3:30 pm
LOCATION:	CalEPA Headquarters Building Sierra Hearing Room (2 nd Floor) 1001 I Street Sacramento, CA 95814
WEBCAST LINK:	http://www.calepa.ca.gov/broadcast/
QUESTIONS:	WaterRightsFees@waterboards.ca.gov – Questions received prior to and during the meeting will be addressed during the meeting unless otherwise requested.

AGENDA

1. Welcome and Introductions (**David Ceccarelli**)
2. Water Rights Fund Condition (Attachment 1) (**David Ceccarelli**)
3. Water Rights Fund Budget Cost Drivers (Attachment 2) (**David Ceccarelli**)
4. Discussion of FY 2016-17 Budget Change Proposals (**David Ceccarelli and Amanda Montgomery**)
 - a) Water Rights Fund Technical Adjustment
 - b) Water Rights Permitting and Licensing Augmentation
5. Options resulting from stakeholder meeting for assessing ground water storage permit fees (**Amanda Montgomery**)

6. Sustainable Groundwater Management Act (**Jessica Bean**)

7. Open Discussion

**State Water Resources Control Board
Water Rights Fee Stakeholder Meeting
August 4, 2016**

Authority

Water Code Section 1525 requires the State Water Resources Control Board (State Water Board) to adopt, by emergency regulations, an annual schedule of fees. Water Code Section 1525 further requires the State Water Board to adjust the fees annually to conform to the revenue levels set forth in the Budget Act. Water Code Section 1551 requires that all water rights fee revenue be deposited in the Water Rights Fund (WRF). The current annual fee schedules were adopted on December 1, 2015.

Financial Condition

Attachment 1 shows an analysis of the fund condition for the WRF. The beginning balance for FY 2015-16 was \$4.4 million. Total estimated revenue is \$17.6 million and total expenditures are approximately \$17.7 million, resulting in a \$107,000 decrease in the fund with an ending balance of \$4.3 million and a fund reserve of approximately 24.4 percent.

The projected beginning balance for FY 2016-17 is \$4.3 million. Total expenditures for FY 2016-17 are projected to be approximately \$19.7 million. As shown in Attachment 2, expenditures for FY 2016-17 include a Budget Change Proposal (BCP) for \$851,000. State Water Board staff will discuss two potential options to cover the cost of the BCP.

One option is to increase fees for Permits, License, and Application fees by 8% on the per acre foot charge (greater than 10 acre-feet), resulting in total revenue of approximately \$19.7 million, with an ending balance of \$3.8 million and a fund reserve of approximately 19.3 percent.

Another option would be to not increase fees and absorb the first year costs of the BCP using the fund reserve, which would draw the reserve balance down by approximately \$1.6 million, with an ending balance of \$2.7 million and a reserve of approximately 13.7 percent.

Attachment 2 lists the cost drivers for FY 2016-17. The cost drivers represent a combination of one-time and on-going costs.

Disclaimer

This report is based on current budget and revenue data and is provided to stakeholders for planning purposes only. Staff will propose to the Board a fee schedule based on final budget and revenue data. This presentation is tentatively scheduled for the September 20, 2016 Board meeting agenda.

**State Water Resources Control Board
Water Rights Fund Condition (\$000)**

Percent Increase from Previous FY Per Acre-Foot Charge	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	Forecast		
							Option 1 8%	Option 2 No Fee Increase	
							\$0.063	\$0.068	\$0.063
							FY 15-16	FY 16-17	FY 16-17
BEGINNING BALANCE	\$5,518	\$5,701	\$5,649	\$6,154	\$4,498	\$3,544	\$4,412	\$4,305	\$4,305
Prior year adjustments	\$79	(\$20)	\$1,976	\$662	\$616	\$843	\$0	\$0	0
Adjusted Beginning Balance	\$5,597	\$5,681	\$7,625	\$6,816	\$5,114	\$4,387	\$4,412	\$4,305	\$4,305
Revenue									
Regulatory Fees ¹	\$7,531	\$9,506	\$13,939	\$14,215	\$15,054	\$15,676	\$16,378	\$18,100	\$17,000
Cost Recovery ²				\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other Revenue ³	\$119	\$61	\$62	\$86	\$86	\$64	\$177	\$64	\$64
Loan to General Fund ⁴		(\$926)	\$926						
Total Revenue	\$7,650	\$8,641	\$14,927	\$14,301	\$16,140	\$16,740	\$17,555	\$19,164	\$18,064
Expenditures									
Water Board State Operations ⁵	\$7,129	\$8,348	\$15,918	\$16,084	\$15,800	\$15,257	\$16,078	\$18,082	\$18,082
Cost Recovery Expenditures				\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other State Operations ⁶	\$417	\$325	\$480	\$535	\$603	\$458	\$584	\$584	\$584
Total Expenditures	\$7,546	\$8,673	\$16,398	\$16,619	\$17,403	\$16,715	\$17,662	\$19,666	\$19,666
Increase(Decrease)	\$104	(\$32)	(\$1,471)	(\$2,318)	(\$1,263)	\$25	(\$107)	(\$502)	(\$1,602)
ENDING BALANCE	\$5,701	\$5,649	\$6,154	\$4,498	\$3,851	\$4,412	\$4,305	\$3,803	\$2,703
Fund Reserve	75.5%	65.1%	37.5%	27.1%	22.1%	26.4%	24.4%	19.3%	13.7%

Footnotes:
¹ For FY 15-16 and FY 16-17, forecasted revenue is based on the estimated billing amounts for license/permit/applications and estimated revenue from petitions and one time applications.
² A \$1 million ongoing cost recovery for CEQA Consultation.
³ Other revenue includes miscellaneous services to the public, SMIF & Enforcement.
⁴ A loan authorized by the FY 10-11 state budget that transfers \$926,000 from the Water Rights Fund to the General Fund. The loan was repaid in full on June 30, 2012.
⁵ FY 15-16 State Water Board State Operation expenditures are based off of projected expenditures and FY 16-17 are based off of the budget authority in the May Revise Budget.
⁶ For FY 15-16, Other State Operations projected expenditures include \$516,000 to BOE, \$38,000 to CalEPA, and \$30,000 to Fi\$CAL. For 16-17, Other State Operations projected expenditures include \$524,000 to BOE, \$38,000 to CalEPA, and \$22,000 to Fi\$CAL.

**State Water Resources Control Board
Water Rights Fund Budget Cost Drivers
(\$000)**

Water Rights Fund

Water Rights Fund	FY 2015-16 Budget	FY 2016-17 Budget Act	Net Difference
Budget Act ¹	\$13,981	\$15,333	\$1,352
Continuous Appropriation ²	\$3,749	\$3,749	\$0
Totals	\$17,730	\$19,082	\$1,352

¹ The Budget Act includes \$1 million in ongoing cost recovery for CEQA Consultation

² Chapter 2, Statutes of 2009

FY 2016-17 Budget Cost Drivers

Water Rights Fund	Amounts
BCP (Permitting and Licensing Augmentation)	\$851
Employee Benefits	\$344
Retirement	\$77
Pro Rata	\$80
Totals	\$1,352