

Fees Stakeholder Engagement Process Plan

At the September 23, 2014 State Water Board Meeting, the Board Members requested that staff deliver a more robust stakeholder engagement process for both water rights and water quality fees stakeholder groups. Board Members asked that the stakeholder engagement plan address the following on the fee setting process:

- Additional information for stakeholders
- Additional transparency
- Additional time for stakeholder discussion/input
- Additional opportunity for dialog with staff
- Additional opportunity for meetings with staff

Some of the steps in this plan are still conceptual at this point. Some of the implemented improvements to the stakeholder engagement will be based largely on input from stakeholders themselves. Staff is currently working with the stakeholders to provide that input. Staff will use this input to develop a more concrete engagement plan.

I. Stakeholder Engagement Process Proposal Outline: The existing stakeholder groups are diverse and comprised of numerous industries and interests:

1. Water Rights stakeholder group:

1. Interested party mailing list for Water Rights fees (approximately 514 stakeholders)
2. Core stakeholder group of approximately 35 members representing various types/groups, including: United States Bureau of Reclamation, water districts, electrical utilities, agriculture, and environmental groups.

2. Water Quality stakeholder group:

- Interested party mailing list for Water Quality fees (approximately 3000 stakeholders)
- Core stakeholder group of approximately 145 members representing facilities regulated by each core water quality program.
- Within the core water quality programs stakeholder group, staff meets with a number of individual program stakeholder groups, including groups representing municipal and industrial storm water, landfills, irrigated agriculture, food processors, and dairies.

3. How we propose to engage the stakeholders: In general, the stakeholders have requested that staff meet with them earlier in the fee-setting process, provide additional information on how fees are set and how programs operate, and provide additional opportunities for stakeholders to provide input into the fee-setting process. Staff proposes to conduct a series of stakeholder meetings throughout the year to provide these opportunities. Staff proposes the following general stakeholder engagement process.
 - i. Determine specific engagement strategy for various groups based on results of stakeholder surveys and analyses.
 - ii. Engagement logistics:
 1. Lyris email distribution lists and individual targeted emails to notify stakeholders of upcoming stakeholder engagement opportunities
 2. Face-to-face meetings:
 - a. Dec 2014: Webcast to all stakeholder groups on state budget process
 - b. Late January to early February 2015: Initial stakeholder meetings
 - c. Middle to Late May 2015: Second round of stakeholder meetings
 - d. Late July/Early August 2015: Third round of stakeholder meetings
 - e. As needed: Stakeholder/Program meetings where stakeholders can meet with Water Board program staff to discuss programmatic issues related to fees
 - f. As needed: Stakeholder meetings at various locations throughout the State.

II. Proposed Timeline

- Monthly: Updates to the State Water Board members and the public via the Executive Director's report (posted on the State Board website)
- September 23, 2014: State Water Board members ask staff to reinvigorate fees stakeholder processes

- October 14, 2014: First listening session with internal Confined Animal Facility/Dairy program staff from Regions 1, 2 and 5
- October 22, 2014: Listening session with two key Dairy program stakeholders from the Dairy Cares and the Agricultural Council of California organizations
- November 2014: Finalize internal stakeholder engagement process proposal
- November 2014: Share stakeholder engagement process proposal with stakeholders with opportunity for feedback
- November 17, 2014: Listening session with key water rights stakeholders
- December 2, 2014: Present stakeholder engagement process proposal at State Water Resources Control Board meeting
- December 19 2014: Webcast to all stakeholder groups on state budget process
- Middle to Late January 2015: Initial stakeholder meetings
- Middle to Late May 2015: Second round of stakeholder meetings
- Late July/Early August 2015: Third round of stakeholder meetings
- As needed: Stakeholder/Program meetings where stakeholders can meet with Water Board program staff to discuss programmatic issues related to fees for individual programs.
- To Be Determined: Stakeholder meetings in various parts of the State. Staff is planning three to four meetings throughout the State, including meetings in the northern, central and southern parts of the State.
- September 2015: State Water Board Meeting to adopt fees

III. Preliminary List of Identified Issues: The following are some preliminary issues that can readily be addressed through the stakeholder process. Discussions with stakeholders will likely generate additional issues and concerns for the stakeholder groups to collaborate on with staff.

1. The Board Members asked staff to consult with the stakeholders to see what improvements to the stakeholder engagement process they would like to see, for both water rights and water quality fees:
 - Suggestions for what stakeholders want from the stakeholder engagement process

- Specific items that they want to discuss
 - Process improvements that they want to see implemented
 - Specific recommendations for improving our stakeholder engagement process
2. How does the Water Board's fee setting process compare to that of other State agencies?
- Staff will consult with other agencies, such as the California Department of Food and Agriculture (CDFA) and the Air Resources Board (ARB), to determine what the fee setting process is for these other State agencies, and how their processes differ from ours.
 - Staff will consult with stakeholders to see what they think CDFA and ARB do differently and/or better in the fee-setting process.
 - Staff will evaluate whether or not there are improvements that can be made to the Water Board fee-setting process based on these other agencies' processes.
3. The Board Members asked that staff help the Board Members and the stakeholders develop a better understanding of the regulation of confined animal facilities in general, and dairies in particular, in California.
- i. What are the differences, if any, in how these facilities are regulated between Regional Water Boards, such as between the North Coast Regional Board and the Central Valley Regional Board, for example? If there are differences, what are the root causes of these differences?
 - ii. What are the differences in regulatory activities between those sites under permit waivers and those sites under waste discharge requirements?
 - What are the regulatory staff workloads involved with the administration of each of these regulatory tools?
 - What are the regulatory staff enforcement workloads for each of these regulatory tools?
 - What are the costs of compliance to facilities for waivers and waste discharge requirements? How do these costs of compliance translate to or affect fees?

- What is the regulatory compliance workload for facilities under waivers compared to those under waste discharge requirements?
 - Is a separate fee schedule for facilities under waivers appropriate, and if so, what should that fee be relative to the fees charged to facilities under waste discharge requirements?
- iii. This effort will likely result in either an informational briefing to the State Water Board by confined animal program staff, an informational white paper on the confined animal program, or both.
4. The Board Members asked that staff help the Board Members develop a better understanding of the California Dairy Quality Assurance Program (QAP):
- How does the QAP reduce the burden on Regional Board staff regulatory activities, such as reduced number of inspections, for example? Board Members asked for this information in both qualitative and quantitative terms.
 - What is the cost of dairies to participate in the QAP?
 - What is the cost of the QAP in delivering services to the dairies?
 - What costs, such as infrastructure improvements, are necessary for dairies to qualify for or comply with the QAP?
5. The fiscal rationale for how the State Board sets fees, including the determination of the magnitude of fees necessary to support a given program, and how those total fees are apportioned to individual fee-payers.