



# CALIFORNIA ASSOCIATION of SANITATION AGENCIES

1215 K Street, Suite 2290 • Sacramento, CA 95814 • TEL: (916) 446-0388 – FAX: (916) 231-2141 • [www.casaweb.org](http://www.casaweb.org)

7/6/11 Public Workshop  
NPDES FEES STRUCTURE  
Deadline: 6/29/11 by 12:00 noon

June 29, 2011

## Executive Board

President  
**BARBARA D. HOCKETT, RN, M.S.Ed**  
Central Contra Costa Sanitary District

1st Vice President  
**GARY W. DARLING**  
Delta Diablo Sanitation District

2nd Vice President  
**JOHN E. HOAGLAND**  
Rancho California Water District

Secretary-Treasurer  
**TOM SELFRIDGE**  
Truckee Sanitary District

**JIM GRAYDON**  
Kennedy/Jenks Consultants

**JEFFREY G. HANSEN**  
Dublin San Ramon  
Services District

**KEVIN M. HARDY**  
Encina Wastewater  
Authority

**STEPHEN A. HOGG**  
City of Fresno

**JEFF MOORHOUSE**  
Carpinteria Sanitary District

**HARRY T. PRICE**  
Fairfield-Suisun Sewer District

**MARGIE L. RICE**  
Midway City Sanitary District

**DAVID R. WILLIAMS**  
East Bay Municipal Utility District

**RONALD E. YOUNG, P.E., DEE**  
Elsinore Valley Municipal Water District

---

**CATHERINE A. SMITH**  
Executive Director

**MICHAEL F. DILLON**  
State Lobbyist

**GREG KESTER**  
Biosolids Program Manager

**ROBERTA L. LARSON**  
Director of Legal & Regulatory Affairs

**ERIC SAPIRSTEIN**  
Federal Legislative Advocate

## Via Electronic Mail

Charles Hoppin, Chair, and Members  
c/o Jeanine Townsend, Clerk to the Board  
State Water Resources Control Board  
P.O. Box 100  
Sacramento, CA 95812-0100  
[commentletters@waterboards.ca.gov](mailto:commentletters@waterboards.ca.gov)

**SUBJECT:** Comment Letter – 07/06/11 Board Workshop: NPDES Fee Structure

Dear Chairman Hoppin and Members:

On behalf of the California Association of Sanitation Agencies (CASA), we appreciate the opportunity to provide comments regarding the fee structure options being considered for assessment of NPDES program fees in fiscal year 2011-12. CASA represents 116 local agencies that provide wastewater collection, treatment and recycling services to millions of Californians. Our members include the largest publicly owned treatment works (POTWs) in the state as well as small and medium sized agencies. Under any scenario selected by the Board, POTWs will pay the highest percentage of the NPDES fee burden.

Over the past two years, the State Water Resources Control Board (Board), its staff and stakeholders have spent significant time and effort in trying to identify more equitable and sustainable fee methodologies. While we applaud the Board's commitment to this endeavor, and are grateful to the staff for their work on alternative approaches and supporting information, we do not find ourselves in a position to endorse or support any single fee approach at this time. This is in part due to the fact that the municipal sector's share of the fee remains relatively constant over the alternatives being considered, and also because of disparate impacts of the various alternatives on our members, depending upon their size. However, the larger issue is that the sheer magnitude of the proposed revenue increase is not consistent with the goal of a stable and sustainable fee structure.



Charles Hoppin, Chair and Members

Re: Comment Letter – 07/06/11 Board Workshop: NPDES Fee Structure

June 29, 2011

Page 2

We are very concerned that, no matter what structure the Board adopts, fees for permit holders overall will be increasing significantly—the increase in revenue is nearly 40 percent. Much of this increase is due to shifts of costs from other programs, such as Basin Planning, and does not equate to any enhancement or improvement in the level of effort or service provided by the State and regional boards. These increases are not sustainable. In an era where every public agency and every business is being forced to cut costs, limit rate increases and reduce staffing, NPDES fees are increasing. A limited number of stakeholders and the Board are simply discussing how to carve up an increasingly larger pie, and different fee sectors will naturally urge the Board to adopt the methodology that results in the lowest increase to their members.

Rather than engage in this “cannibalization” year after year, our efforts would be better spend collectively focusing on real programmatic changes that will curtail escalating fees. Some examples of reforms we should be exploring include greater use of general permits, particularly for small dischargers; advocating for a change in the federal law to allow 10 year NPDES permit cycles; updating and revising basin plans to reduce the costs of compliance as well as the resources that have to be spent to challenge and defend permits based on those outdated plans. There are no doubt many other good proposals from the Board and stakeholders, but there has been no focused effort to move them forward.

The fee alternatives before the Board all generate sufficient revenue to meet the anticipated budget target. Thus the Board’s choice is really one of policy: How does the Board believe the increased burden should be spread across the fee payers? Some questions we believe the Board should take into account in weighing its options:

- Scenario 2 would increase the base fee, which is paid by the smallest municipalities, by 90 percent while decreasing the fees paid by a single sector, the Steam Electric Power Plants (SEPPs) by 75 percent. *The SEPPs are the only fee payers that would experience a decrease in fees under any of the scenarios being considered.* Is this warranted based solely on the fact that in a single year (FY 2007-08) the SEPPs paid an arguably disproportionate percentage of the total fees?
- The Sector Allocation analysis based on the “needs assessment” showed that the industrial fee category is currently generating less fee revenue than the costs of implementing their share of the program. Should industry fees be increased to pay their “fair share”? If so, is it appropriate to increase the fee cap for industry by \$200,000 to \$450,000, while also removing the largest fee payers (the SEPPs) from the industrial category?
- Adopting the status quo option would mitigate some of the burden on the smallest dischargers, but would also continue certain fee components, such as the industrial

Charles Hoppin, Chair and Members

Re: Comment Letter – 07/06/11 Board Workshop: NPDES Fee Structure

June 29, 2011

Page 3

surcharge, which are viewed as anachronistic. Is this the time to address these aspects of the fee schedule, even if that results in a 160% or 190% increase over FY 2010-11 fees for smaller dischargers?

- Currently, the base fee for the smallest individual dischargers is lower than the fee charged to the lowest general fee payers (Category 3). Given the greater level of effort to develop an individual permit, should the base fee for individual permittees be at least as high or higher than the fee paid by the lowest general fee payer category?

In summary, CASA appreciates the Board's willingness to engage in a discussion regarding ways to realign the fee structure to improve equity and sustainability. As noted above, we believe the only hope of achieving these goals is through programmatic, statutory and other changes that can assist the water boards in improving efficiency and cost effectiveness of the core regulatory program.

Sincerely,



Roberta L. Larson

RLL:mb

cc: Glen Osterhage (Via Electronic Mail: [gosterhage@waterboards.ca.gov](mailto:gosterhage@waterboards.ca.gov))