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**STATE WATER RESOURCES  
CONTROL BOARD (SWRCB)**

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Review & Evaluation of Fees  
For Core Regulatory Programs

Final Report

The Resources Company

November 15, 2000



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***Section I***

***Executive Summary***



## EXECUTIVE SUMMARY

### INTRODUCTION TO SWRCB CORE REGULATORY PROGRAM FEES

In approving the FY 1999/2000 budget and Senate Bill (SB) 390 (Chapter 686, Statutes of 1999), the Governor asked the State Water Resources Control Board (SWRCB) to review the adequacy of its core regulatory program fee structure and future funding needs. SWRCB then contracted with The Resources Company to review the existing fee structure and develop practical alternatives for a revised fee structure that meets the needs of the program, the regulated community, the Administration and the Legislature. The Resources Company, in turn, took the following steps to complete its charge:

- Reviewed existing documents that are applicable to SWRCB's core regulatory programs, mandates, and fees as well as previous analyses and legislation pertaining to core regulatory program fees.
- Interviewed SWRCB management and staff as well as other key stakeholders regarding a "fair share" concept and alternatives in which the proportion of core regulatory program funding derived from fee payers (versus the general public) is a "fair share" of total funding for the core regulatory program.
- Conducted survey of (a) 25 other states to identify their NPDES permit fee structure and (b) 800 SWRCB dischargers, of which 116 responded, regarding their preferences for a revised fee system.
- Analyzed the economic and political viability of identified fee alternatives in light of SWRCB's previous efforts to restructure its regulatory fees
- Conducted focus group sessions of stakeholders needed to build a consensus (or at least to minimize the opposition) for proposed restructuring of the fees for the Board's core regulatory programs.

The FY 1999/2000 Budget Bill and SB 390 call for SWRCB to provide the Legislature with its report on the core regulatory program fee structure and funding needs by January 2001.

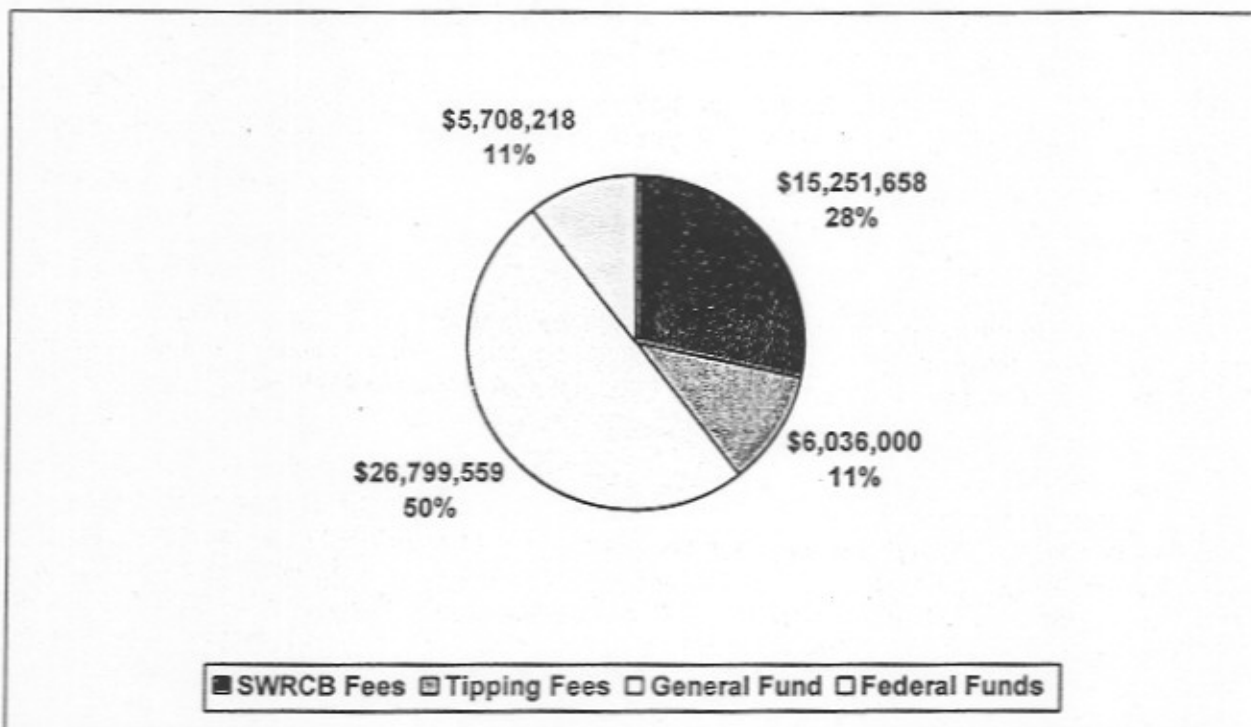
For the purpose of this fee study, SWRCB's core regulatory program consists of the following programs:

- **National Pollutant Discharge Elimination System (NPDES) Program.** In 1972, the federal Water Pollution Control Act (also referred to as the Clean Water Act) was amended to make discharge of pollutants to surface waters of the United State unlawful unless the discharge is in compliance with an NPDES permit as issued, monitored and renewed every five years.
- **Stormwater Program.** The 1987 amendments to the Clean Water Act established a framework for regulating municipal, industrial and construction stormwater discharges under the NPDES program. In November 1990, the U.S. Environmental Protection Agency (EPA) published final regulations that (a) established stormwater permit application requirements for 11 different categories of industries, including discharges of stormwater from construction projects that encompass five or more acres of soil disturbance that are effectively prohibited unless the discharge is in compliance with an NPDES permit; and (b) stormwater permit application requirements for municipal separate storm sewer systems (MS4) serving a population of 100,000 persons or more.
- **Chapter 15 Program.** This program implements regulations which establish a classification system for waste and disposal sites and include requirements for siting, construction, operation, monitoring, cleanup and closure. Regulated sites include landfills, surface impoundments, waste sites, and land treatment units.
- **Non-Chapter 15 Program.** Under the Non-Chapter 15 Program, waste discharge requirements (WDR) orders issued by the State and Regional Boards under the authority of the Porter-Cologne Water Quality Control Act address many types of waste discharges, including municipal, industrial and commercial sources, which are not otherwise regulated under the NPDES Program or the Chapter 15 Program. This program helps protect California's water resources from being adversely impacted from such waste disposal operations.

- **Confined Animal Feeding Operations (CAFO) Program.** In September 1998, EPA and the U.S. Department of Agriculture released a *Unified Strategy for Animal Feeding Operations (AFO's)* that presents a plan for addressing the water quality and public health impacts associated with large AFO's under the authority of Section 402 (NPDES) of the Clean Water Act.
- **Section 401 Certification Program.** Section 401 of the Clean Water Act requires the applicant for any federal permit or license, which may result in a discharge to waters of the United States, to obtain a certification from the affected state that the discharge will not violate that state's water quality standards. Generally, water quality certifications are issued to applicants for U.S. Army Corps of Engineers permits for dredge or fill material or Federal energy Regulatory Commission licenses for hydropower facilities.

### CURRENT FUNDING OF SWRCB CORE REGULATORY PROGRAMS

In the FY 2000/01 budget, the General Fund provides 50% of the funding for SWRCB's core regulatory programs, while SWRCB permit fees and California Integrated Waste Management Board (CIWMB) tipping fees provide 39% of the funding of the core regulatory programs (the remaining 11% is from federal sources).



As indicated on the previous page, one of the objectives of this study is to determine the "fair share" of core regulatory program funding to be derived from fee payers versus the general public (General Fund tax revenues).

Our survey of 800 permit holders included questions related to the proportion of funding for SWRCB's core regulatory program they believe should be derived from permit fees (their "fair share" of program costs):

- About 40% of the respondents supported up to a 100% "fair share" funding of the core regulatory program through permit fees.
- About 60% of the respondents supported up to a 60% "fair share" funding of the core regulatory program through permit fees.
- About 80% of the respondents supported up to a 50% "fair share" funding of the core regulatory program through permit fees.

Based on the level of support indicated by the majority of respondents, we are recommending 50-60% of core regulatory program funding as the "fair share" range to be covered by SWRCB fee payers.

### KEY ISSUES WITH THE EXISTING CORE REGULATORY PROGRAM FEE STRUCTURE

Through our document reviews, interviews, surveys, and focus groups, we have identified the following issues associated with the existing core regulatory program fee structure:

- **Driven by State revenue needs.** The existing fee structure – or more accurately, previously proposed changes to the fee structure – has been driven by the State's need or desire for more non-General Fund revenues to cover the costs of SWRCB's core regulatory programs.
- **Inequitable fee structure.** The existing fee structure is inequitable in two different ways:
  - It includes point source discharges and all others included in the core regulatory program but excludes non-point source dischargers that are not regulated through the core regulatory program.
  - There is fee compaction (i.e., relatively little spread between the lowest and highest fees).
- **Inadequate distinction between dischargers and polluters.** The existing fee structure does not adequately differentiate between dischargers (i.e., those who discharge into surface water, ground waters, or land in accordance with their permits) and polluters (i.e., those who violate their permit requirements or do not have necessary permits at all).

Survey respondents and focus group participants identified other issues associated with the underlying core regulatory programs, but they are outside the scope of this fee study. See Appendix A for the questions and a summary of the 116 responses to our survey of about 800 SWRCB core regulatory program stakeholders. See Appendix B for a summary of the issues and concerns raised by our four focus groups.

The table on the opposite page summarizes the existing core regulatory program fee structure and the approximate number of fee payers in each category in FY 1999-2000.

**Existing Annual Fee Structure for Core Regulatory Programs**

Program	Threat & Complexity Rating (a)	Annual Fee	# Dischargers
NPDES	IA	\$10,000	185
	IB	\$7,000	20
	IC	\$5,500	58
	IIA	\$4,000	90
	IIB	\$2,000	247
	IIC	\$1,200	89
	IIIA	\$1,000	15
	IIIB	\$750	80
	IIIC	\$400	169
	Areawide Storm Water Permits (b)	\$10,000	17
	Areawide Storm Water Permits (c)	\$5,000	9
	Industrial/Construction Permits (d)	\$500	2,798
	Industrial/Construction Permits (e)	\$250	10,803
	General Permits	\$250	1,241
	<b>Subtotal - NPDES</b>		
Non-Chapter 15	IA	\$10,000	28
	IB	\$5,500	21
	IC	\$3,000	16
	IIA	\$2,000	104
	IIB	\$1,200	658
	IIC	\$900	677
	IIIA	\$750	14
	IIIB	\$400	358
	IIIC	\$200	1,332
	General Permits	Various	484
<b>Subtotal - Non-Chapter 15</b>			<b>3,692</b>
Chapter 15	IA	\$10,000	44
	IB	\$7,500	65
	IC	\$6,000	109
	IIA	\$5,000	30
	IIB	\$4,000	165
	IIC	\$3,000	130
	IIIA	\$2,000	20
	IIIB	\$1,500	109
	IIIC	\$750	181
	General Permits		9
<b>Subtotal - Chapter 15</b>			<b>862</b>
<b>Total Dischargers - FY 1999/2000</b>			<b>20,375</b>

(a) See definitions on page 17.

(b) Areawide Stormwater Permits - population over 100,000

(c) Areawide Stormwater Permits - population under 100,000

(d) Industrial/Construction Permits – facilities located in a city or county not covered by an areawide stormwater permit

(e) Industrial/Construction Permits – facilities located in a city or county covered by an areawide stormwater permit



## CRITERIA FOR EVALUATING CORE REGULATORY PROGRAM FEE STRUCTURE ALTERNATIVES

Through our document reviews, interviews and focus groups, we identified the following criteria for evaluating SWRCB's core regulatory program fee structure alternatives:

- **Fair share** is defined as the proportion of core regulatory program funding derived from fee payers versus the general public.
- **Equity among fee payers** is defined in terms of three dimensions: (a) fee structure equity among dischargers covered by the different core regulatory programs, (b) fee structure equity between dischargers who comply with their permits and polluters who do not comply with their permits or fail to obtain the required permits, and (c) fee structure equity among dischargers in the various categories of fees applicable to the NPDES/WDR permits.
- **Predictability to fee payers** is defined as the extent to which fee payers know what level of fees they will pay over the life of the NPDES/WDR permit.
- **Consistency with federal and State policies** is defined as the extent to which the fee structure and fee levels clearly correspond to water quality mandates and objectives in the federal Clean Water Act and California's Porter-Cologne Water Quality Control Act.
- **Simplicity and understandability to fee payers** is defined as the extent to which the fee structure and fee levels are readily understood to the dischargers, the environmental community, and other stakeholders of SWRCB's core regulatory program.
- **Ease of implementation and administration** is defined as the extent to which the fee structure and fee levels – and changes to them – can be easily moved forward through approval in California's legislative and/or regulatory processes and execution by SWRCB.
- **Stability of revenue to SWRCB** is defined as the extent to which core regulatory program fee revenues do not experience major year-to-year fluctuations unrelated to program changes made during development of the annual budget.
- **Balance of incentives and disincentives** is defined as the extent to which the fee structure and fee levels provide both incentives (e.g., lower fees, tax credits, expedited approvals, etc.) and disincentives (e.g., higher fees, penalties, and legal cost recovery) for dischargers to comply with their NPDES/WDR permits and to otherwise improve quality in watersheds they impact.
- **Unbundling of permitting/monitoring from enforcement/abatement** is defined as the extent to which the fee structure and fee levels differentiate between performing (a) NPDES/WDR permitting and monitoring compliance assurance activities and (b) investigatory, enforcement, and abatement activities.

## CORE REGULATORY PROGRAM FEE STRUCTURE ALTERNATIVES

We identified four fee structure alternatives for SWRCB's core regulatory programs. They are summarized below.

- **Alternative #1 – Existing Fee Structure**

Under the status quo, SWRCB would retain the existing fee structure and levels adopted by SWRCB and the Legislature in 1992. See the existing fee schedule on page 25 of this report.

- **Alternative #2 – Existing Fee Structure with Increased Fee Levels**

Under this alternative, SWRCB would make the following changes to the existing fee structure, as indicated on page 26 of this report:

- a. Increase the statutory cap on fees to generate more of a "fair share" of core regulatory program resources (greater proportion from fee payers versus the general public) than does Alternative #1.
- b. Increase other lower fees proportionately in order to reduce fee compaction.

- **Alternative #3 – Existing Fee Structure with Increased Fee Levels and Other Changes**

Under this alternative, SWRCB would make the following additional changes to the existing fee structure, as indicated on page 27 of this report:

- a. Increase the statutory cap on fees to generate more of a "fair share" of core regulatory program resources than do Alternative #1 and #2.
- b. Increase other lower fees proportionately in order to reduce fee compaction.
- c. Modify the existing stormwater permit fee structure for municipal separate storm sewer system (MS4) permits from its existing two (2) categories (corresponding to more or less than 100,000 population) to correspond to the nine (9) NPDES/WDR fee categories.
- d. Impose a surcharge of 10% of one-time and annual fees on each co-permittee for an NPDES, WDR or stormwater permit.
- e. Impose an annual NPDES or WDR permit fee on large confined animal feeding operations (CAFO's) -- which are currently defined as those having 1,000 or more animal units--instead of a one-time fee of up to \$2,000. The amount of the annual fee would be established by Regional Boards using the same criteria that apply to NPDES permits or WDR's, with an incentive in the form of reduced fees for certification in a quality assurance program.
- f. Charge dischargers who are not in compliance with their permits (or who fail to obtain required permits) for the costs of RWQCB and SWRCB staff time spent on investigatory and enforcement actions.
- g. Impose late fees and finance charges on permittees who fail to pay permit fees or other charges at the required time and on permittees who fail to obtain required permits.

- **Alternative #4 – A New Fee Structure**

Under this alternative, SWRCB would establish a new fee structure (incorporating the above provisions) for the core regulatory program, as indicated on pages 28-31 of this report:

- a. Impose **one-time fees** associated with NPDES/WDR and other permit processing:
  - 1) **Permit application fee:** a one-time fee that would be paid at the time that a new NPDES or WDR permit application is submitted.
  - 2) **Permit modification fee:** a one-time fee that would be paid at the time that an application to amend an existing NPDES or WDR permit is submitted.

- 3) **Permit reissue fee:** a one-time fee that would be paid at the time that an application to reissue an existing NPDES or WDR permit.
- b. **Impose annual charges** associated with NPDES/WDR and other permit monitoring and inspection:
  - 1) **Environmental risk charge:** an annual charge that would reflect the characteristics of discharges (loadings, toxicity, etc), and the nature of surface and/or ground waters impacted by discharges based on the existing threat to water quality (TTWQ) rating of dischargers.
  - 2) **Compliance determination charge:** an annual charge that would be paid in conjunction with determination that an NPDES or WDR permit holder is in compliance with its discharge requirements. This charge would be based on the existing complexity (CPLX) rating of dischargers.
  - 3) **Wastewater flow charge:** an annual charge that would further differentiate among existing wastewater dischargers based on the permitted baseline flow (volume) of their discharges.

### CORE REGULATORY PROGRAM FEE STRUCTURE RECOMMENDATIONS

Based on our document reviews, interviews, focus groups and our own interviews, we are recommending the following changes to SWRCB's core regulatory program fee structure:

1. **"Fair share" concept.** Adopt the following concept for funding SWRCB's core regulatory program, which, in our opinion, is consistent with recommendations made by the Legislative Analyst's Office.

SWRCB Core Regulatory Program Activities	Proposed Source of Funding
Permitting, monitoring and inspection	Regulatory fees
Investigation and enforcement	General Fund
Abatement	Fines and penalties

2. **Recommended alternative.** Adopt Alternative #3 to fund SWRCB core regulatory program permit issuance, monitoring and inspection functions and activities.
3. **Annual adjustment factor.** Adopt an annual adjustment factor – utilizing the California Consumer Price Index – to adjust the regulatory fees recommended in this report for inflation of core regulatory program costs.
4. **General Funding.** Request continued State General Fund resources to cover the cost of core regulatory program enforcement activities.
5. **Investigation and enforcement cost recovery.** Require SWRCB and/or RWQCB staff to keep track of time spent on NPDES/WDR permit investigation and enforcement activities and bill NPDES/WDR permittees for such time and cost recovery at rates and procedures established in the State Administrative Manual (SAM) in cases that result in violations.
6. **Abatement account.** Deposit funds received for investigation and enforcement cost recovery as well as late fees and finance charges into a core regulatory program abatement account to be used for cleanup activities and to fund grants for voluntary improvements to watersheds.
7. Adopt the implementation strategy and timetable described in Section VI of this report.



## Rationale for the SWRCB Core Regulatory Program Fee Structure Recommendations

- **Focus group evaluation of fee structure alternatives.** On September 20<sup>th</sup>, we facilitated a follow-up focus group session in which 13 participants were asked to evaluate the four fee structure alternatives. The group included 4 industry representatives, 2 municipal wastewater representatives, 1 municipal stormwater representative, 1 solid waste representative, and 3 agriculture representatives. Section V of this report summarizes the results of the focus group evaluation of fee structure alternatives. In essence, focus group participants:
  - Generally agreed that (a) SWRCB fees should generate a "fair share" of the total funding for permit issuance, monitoring and inspection activities while (b) SWRCB point-source permit enforcement activities and all non-point-source activities should be paid for with General Fund dollars and not with SWRCB fees.
  - Indicated that Alternative #4 (a new fee structure) would not be economically or politically acceptable to fee payers, because it is deemed too complicated.
  - Requested more information for Alternatives #1 - #3, including fee revenue schedules for actual or projected fee payers as well as stacked bar charts and pie charts depicting the trends in core regulatory program funding for 1995/96 through 1999/2000.
  - Suggested additional layerings of areawide (MS 4) stormwater permit fees along the lines of NPDES permits (i.e., changing from two fee categories to nine fee categories).
  - Suggested lowering the 25% co-permittee surcharge originally proposed to the 10% level eventually included in Alternative #3.
  - Indicated the need to avoid charging landfill operators with both Chapter 15 WDR fees and CIWMB tipping fees.
  - Indicated the need to avoid charging dredge and fill permit holders with both upfront Section 401 certification fees and subsequent WDR fees.
- **Consulting team evaluation of fee structure alternatives.** During Phase II of the study, our consulting team independently evaluated the fee structure alternatives. Section V of this report summarizes the results of our evaluation of fee structure alternatives. In essence, we concluded that:
  - Alternative #3 would result in an estimated 61% of core regulatory program funding being derived from SWRCB fees compared to 28% for Alternative #1 (status quo). We believe that Alternative #3 generates a "fair share" of SWRCB and tipping fee revenue to cover permitting, monitoring and inspection activities.
  - Alternative #3 would result in an estimated 20% General Funding of the core regulatory program compared to 50% for Alternative #1 (status quo). We believe that is a reasonable level of General Fund support to cover investigation and enforcement activities.
  - The predictability of fees to permittees will depend on how the system is administered. If one-time and annual fees continue to be fixed under the California Code of Regulations (CCR), then they will be very predictable to fee payers. If one-time and annual fees are codified under the CCR with an annual adjustment for inflation, then they will still be quite predictable to fee payers. If one-time and annual fees are adjusted annually to meet SWRCB budget requirements, then they will be less predictable to fee payers.
  - The stability of SWRCB fee revenue will depend on whether or not there is an annual adjustment of both one-time and annual fees for inflation. If there is such an annual adjustment factor, then SWRCB fees should largely cover increases in SWRCB and RWQCB staffing and operating costs (to the extent that they increase at the rate of inflation). However, it is important to point out that non-SWRCB fee revenues would also have to increase by the rate of inflation in order to adequately cover the remaining costs of core regulatory programs.

***Section II***

***Study Objectives, Scope  
and Constraints***

## STUDY OBJECTIVES, SCOPE AND CONSTRAINTS

### STUDY OBJECTIVES AND SCOPE

The purpose of this consulting study is to assist SWRCB management and staff to determine if there are financially and politically viable alternatives to existing core regulatory program fees so that permittees pay an appropriate share of the costs of operating and administering the program, versus the amount contributed by the general public via general tax revenues. Study objectives included:

- Reviewing existing documents that are applicable to SWRCB's core regulatory programs, mandates, costs, and fees as well as previous analyses and legislation pertaining to core regulatory program fees.
- Interviewing SWRCB management and staff as well as other key stakeholders regarding a "fair share" concept and fee alternatives.
- Analyzing the financial and political viability of identified fee alternatives in light of the Board's previous efforts to restructure its regulatory fees.
- Conducting focus group sessions of stakeholders needed to build a consensus (or at least to minimize the opposition) for proposed restructuring of fees for the Board's core regulatory programs.

We divided the consulting study into two phases. Phase I consisted of the following six tasks:

#### 1. Reviewing documents on fee programs

- Obtaining, compiling, reviewing, and organizing background documents pertaining to the Board's core regulatory programs.
- Review fee restructuring processes, findings and recommendations of the Department of Toxic Substances Control to determine if there are "lessons learned" that are applicable to SWRCB.
- Determining the extent to which the workload and cost information being developed in the SB 390 needs analysis can be used to support SWRCB regulatory fee analysis and justification.

#### 2. Interviewing SWRCB management and staff

- Interviewing key SWRCB managers and staff from SWRCB's Executive Office, Division of Administrative Services, Division of Water Quality, and Division of Clean Water Programs.

#### 3. Interviewing other key stakeholders

- Interviewing other key stakeholders from the Department of Finance and the Legislative Analyst's Office.

#### 4. Conducting surveys of other states and SWRCB dischargers

- Conducted a survey of 25 other states to identify their NPDES permit fee structure.
- Conducted a survey of approximately 800 SWRCB dischargers, of which 116 responded, regarding their preferences for a revised fee system.

#### 5. Developing a "fair share" construct

- Developing the "fair share" construct presented at the consultant oral interview for the study.

#### 6. Identifying and outlining alternative fee structures

- Preparing a list of prospective changes to SWRCB's existing core regulatory program fee structure.
- Outlining elements of an alternative fee structure(s) for the core regulatory program.

Phase II consisted of the following four tasks:

**7. Conducting focus groups of stakeholders**

- Conducting three focus group sessions to identify issues and concerns of stakeholders affected by the following core regulatory and other programs: (1) NPDES and non-Chapter 15 programs, (2) agriculture and confined animal feeding operations (CAFO) programs, and (3) stormwater and Chapter 15 programs.
- Conducting a follow-up focus group session to (a) present and discuss the results of the first round of focus groups, (b) to determine if a consensus can be reached regarding a "fair share" of the core regulatory program to be funded through fees, and (c) evaluate fee structure alternatives against established criteria.

**8. Conducting an analysis of fee structure alternatives**

- Conducting an analysis of fee alternatives within the constraints of (a) the study scope and (b) available information on core regulatory program costs.
- Projecting the 1999-2000 revenues that would be generated by each fee structure alternative.
- Identifying the key pros and cons of each fee structure alternative.

**9. Developing recommendations of stakeholders and/or consulting team**

- Developing consultant recommendations regarding the SWRCB core regulatory program fee structure, an implementation timetable, and a proposed legislative strategy.
- Conduct exit conferences with appropriate staff from the Legislative Analyst's Office, the Department of Finance, the California Environmental Protection Agency, and the Legislature.

**10. Preparing, reviewing and presenting a final report**

- Drafting, reviewing, finalizing and presenting this final report on the SWRCB core regulatory program fee study.

**STUDY CONSTRAINTS**

The core regulatory program fee alternatives and recommendations presented in this report are constrained in two ways:

- **Core regulatory program service levels.** SWRCB staff are currently in the process of conducting a needs analysis of the core regulatory program as mandated by SB 390, which requires SWRCB "to report to the Legislature on the funding needs for its core regulatory programs, including a review of the current fees collected by the SWRCB." The report is due to the Legislature by January 1, 2001. Accordingly, this fee study focused on fee structure alternatives relative to current funding needs.
- **Core regulatory program services and staffing.** Participants in the first round of three focus groups expressed concerns about (a) the quality and timeliness of core regulatory program services provided by the Regional Water Quality Control Boards and (b) RWQCB staffing levels and abilities. However, this fee study focused on fee structure alternatives that are not predicated on changes in core regulatory programs and/or staffing. While there may be appropriate consensus about program expectations and implementation, the fee study focused on fee structure alternatives, not program modification.

***Section III***

***Core Regulatory Program  
Mandates and Funding***



# CORE REGULATORY PROGRAM MANDATES AND FUNDING

## INTRODUCTION TO SWRCB CORE REGULATORY PROGRAMS

SWRCB's core regulatory program has traditionally consisted of four parts, which are summarized below:

- **National Pollutant Discharge Elimination System (NPDES) Program.** In 1972, the federal Water Pollution Control Act (also referred to as the Clean Water Act) was amended to make discharge of pollutants to surface waters of the United State unlawful unless the discharge is in compliance with an NPDES permit as issued, monitored and renewed every five years.
- **Stormwater Program.** The 1987 amendments to the Clean Water Act established a framework for regulating municipal and industrial stormwater discharges under the NPDES program. In November 1990, the U.S. Environmental Protection Agency (EPA) published final regulations that (a) established stormwater permit application requirements for 11 different categories of industries, including discharges of stormwater from construction projects that encompass five or more acres of soil disturbance that are effectively prohibited unless the discharge is in compliance with an NPDES permit; and (b) stormwater permit application requirements for municipal separate storm sewer systems (MS4) serving a population of 100,000 persons or more.
- **Chapter 15 Program.** This program implements regulations which establish a classification system for waste and disposal sites and include requirements for siting, construction, operation, monitoring, cleanup and closure. Regulated sites include landfills, surface impoundments, waste sites, and land treatment units.
- **Non-Chapter 15 Program.** Under the Non-Chapter 15 Program, waste discharge requirements (WDR) orders issued by the State and Regional Boards under the authority of the Porter-Cologne Water Quality Control Act address many types of waste discharges, including municipal, industrial and commercial sources, which are not otherwise regulated under the NPDES Program or the Chapter 15 Program. This program helps protect California's water resources from being adversely impacted from such waste disposal operations.

For the purpose of this fee study, we have included two other regulatory programs as part of SWRCB's core regulatory programs:

- **Confined Animal Feeding Operations (CAFO) Program.** In September 1998, EPA and the U.S. Department of Agriculture released a *Unified Strategy for Animal Feeding Operations* (AFO's) that presents a plan for addressing the water quality and public health impacts associated with large AFO's under the authority of Section 402 of the Clean Water Act (NPDES Program).
- **Section 401 Certification Program.** Section 401 of the Clean Water Act requires the applicant for any federal permit or license, which may result in a discharge to waters of the United States, to obtain a certification from the affected state that the discharge will not violate that state's water quality standards. Generally, water quality certifications are issued to applicants for U.S. Army Corps of Engineers permits for dredge or fill material or Federal energy Regulatory Commission licenses for hydropower facilities.

## FEDERAL AND STATE MANDATES APPLICABLE TO CORE REGULATORY PROGRAMS

The table on the following page summarizes the federal and State mandates pertaining to the core regulatory programs covered by the fee study.

## Summary of Core Regulatory Program Mandates

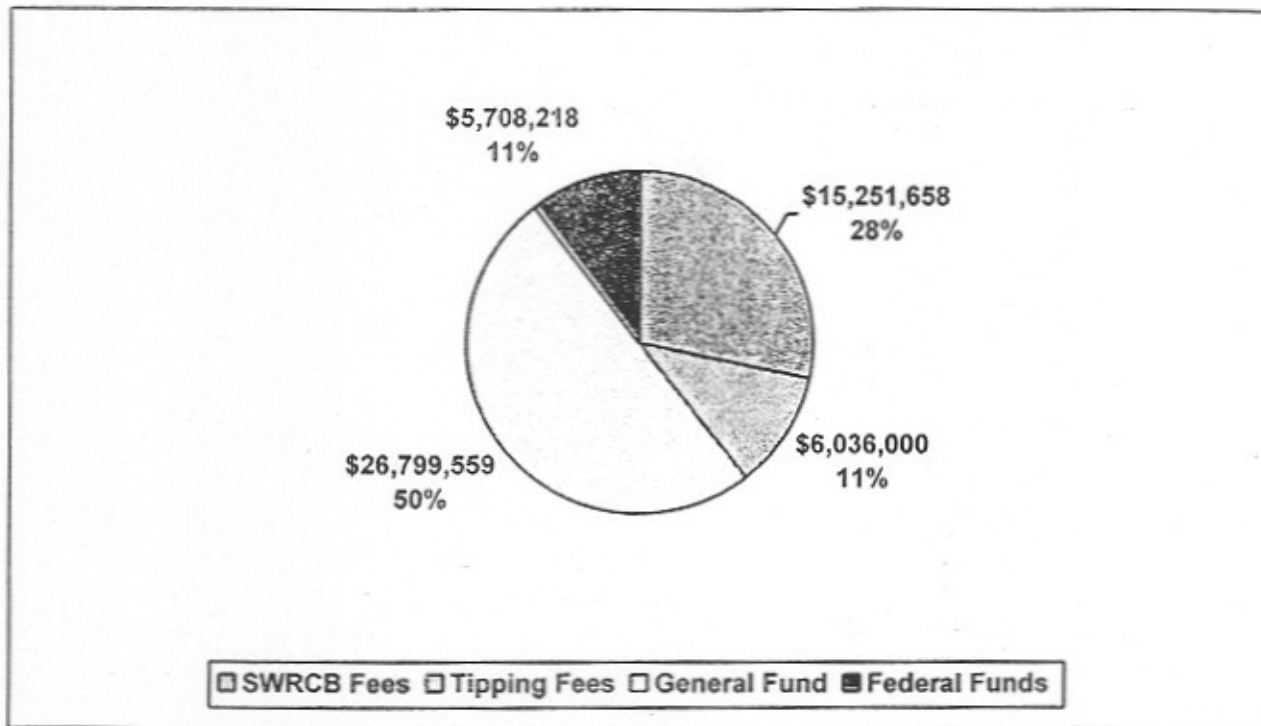
Program	Federal Mandates	State Mandates
National Pollution Discharge Elimination System (NPDES) Permits	<ul style="list-style-type: none"> <li>• Public Law 92-500 -- Water Pollution Control Act (Clean Water Act of 1972) and subsequent amendments</li> </ul>	<ul style="list-style-type: none"> <li>• California Water Code Division 7, commencing with Section 13000 (the Porter-Cologne Water Quality Control Act)</li> </ul>
NPDES Stormwater Permits	<ul style="list-style-type: none"> <li>• Clean Water Act Section 402(p)</li> <li>• Code of Federal Regulations, Title 40, Part 122</li> </ul>	<ul style="list-style-type: none"> <li>• California Water Code Division 7, commencing with Section 13000 (the Porter-Cologne Water Quality Control Act)</li> </ul>
Non-Chapter 15 Wastewater Discharge Requirements		<ul style="list-style-type: none"> <li>• Section 13263 of the California Water Code</li> </ul>
Chapter 15 Wastewater Discharge Requirements		<ul style="list-style-type: none"> <li>• Sections 13172, 13226-13227, 13269-13270, and 13304 of the California Water Code</li> <li>• Chapter 656, Statutes of 1993 (AB 1220), including Public Resources Code Section 43506</li> <li>• Chapter 418, Statutes of 1993 (SB 1082), Chapter 419, Statutes of 1993 (SB 1185) and miscellaneous sections of the Public Resources Code and the Health and Safety Code</li> </ul>
Section 401 Certifications	<ul style="list-style-type: none"> <li>• Clean Water Act Section 401</li> </ul>	<ul style="list-style-type: none"> <li>• Section 13160 of the California Water Code</li> </ul>
NPDES Confined Animal Feeding Operation (CAFO) Permits	<ul style="list-style-type: none"> <li>• Public Law 92-500 -- Water Pollution Control Act (Clean Water Act of 1972) and subsequent amendments</li> <li>• US EPA and US DOA, Unified Strategy for Animal Feeding Operations</li> </ul>	



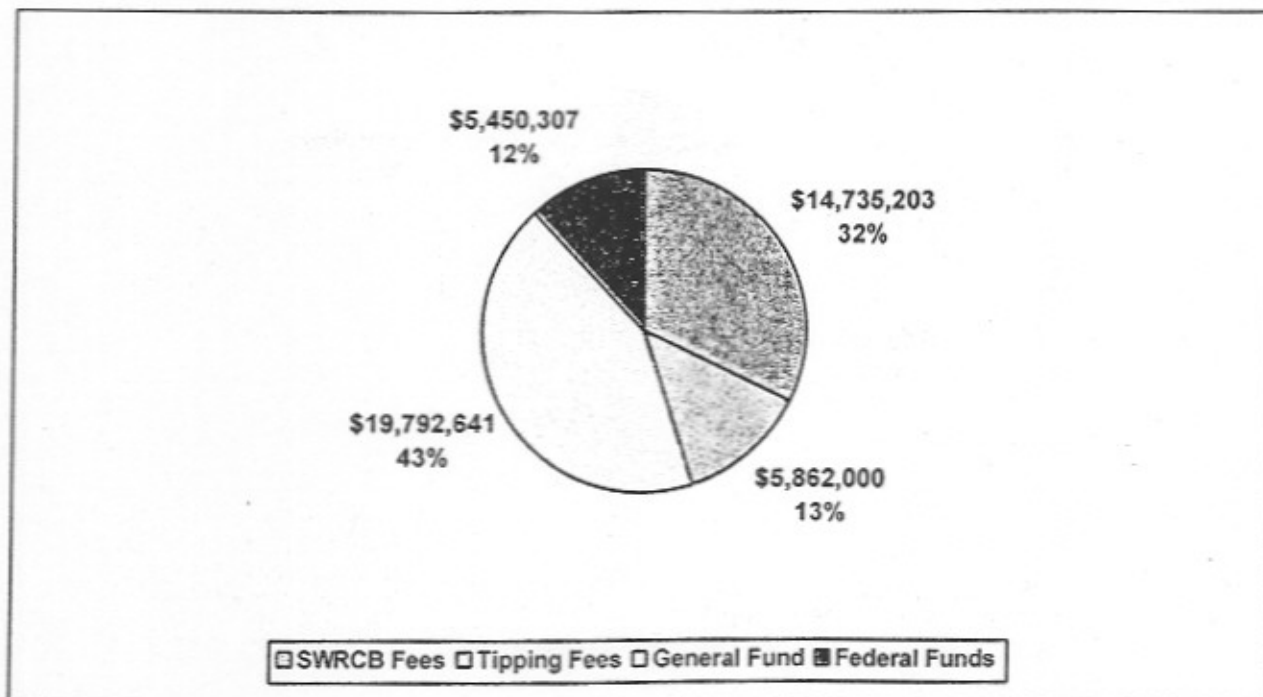
## EXISTING SOURCES OF FUNDING FOR CORE REGULATORY PROGRAMS

The pie charts below summarize funding of SWRCB's core regulatory programs for the current and previous fiscal years.

FY 2000-2001

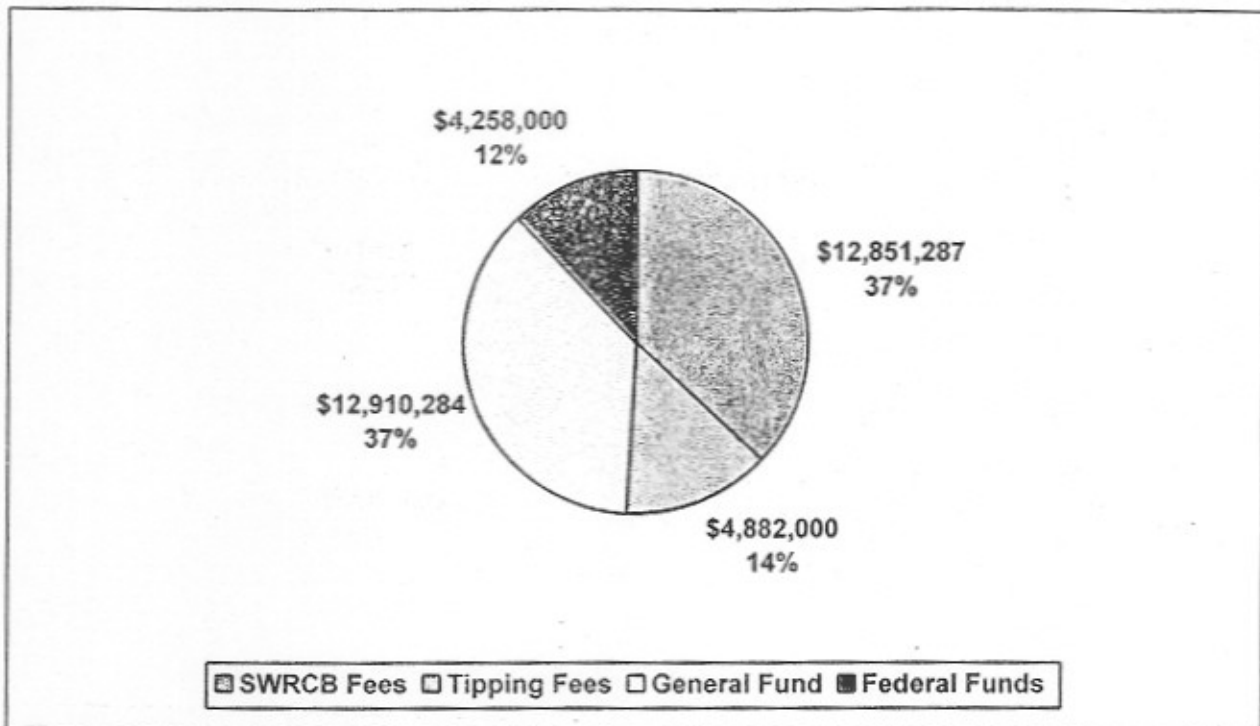


FY 1999-2000

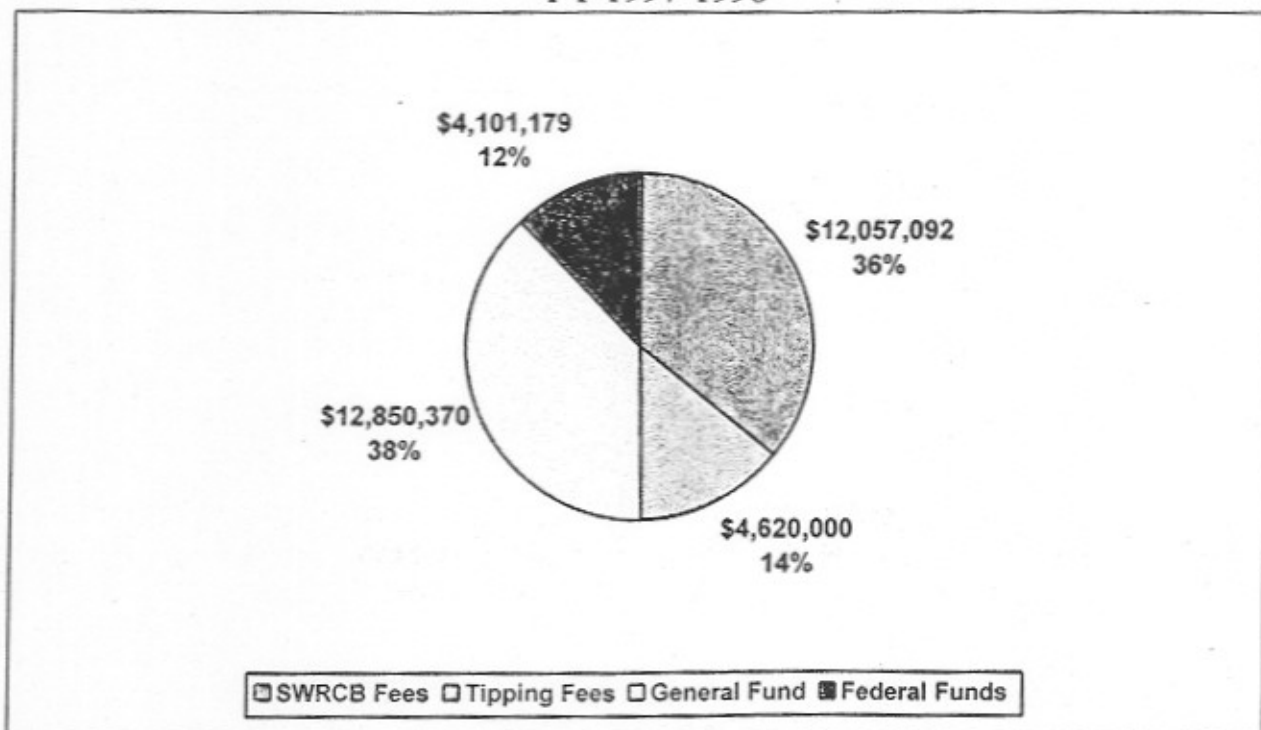


The pie charts below summarize funding of SWRCB's core regulatory programs for fiscal years 1998-99 and 1997-98.

### FY 1998-1999

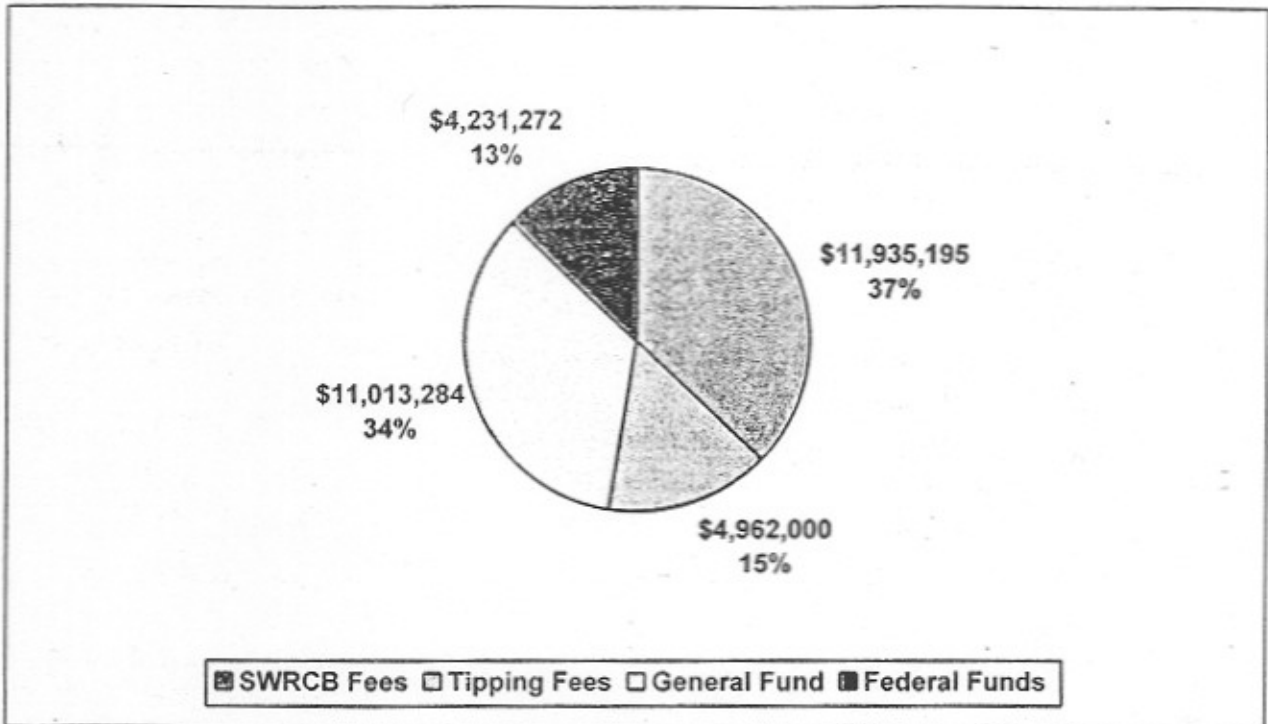


### FY 1997-1998

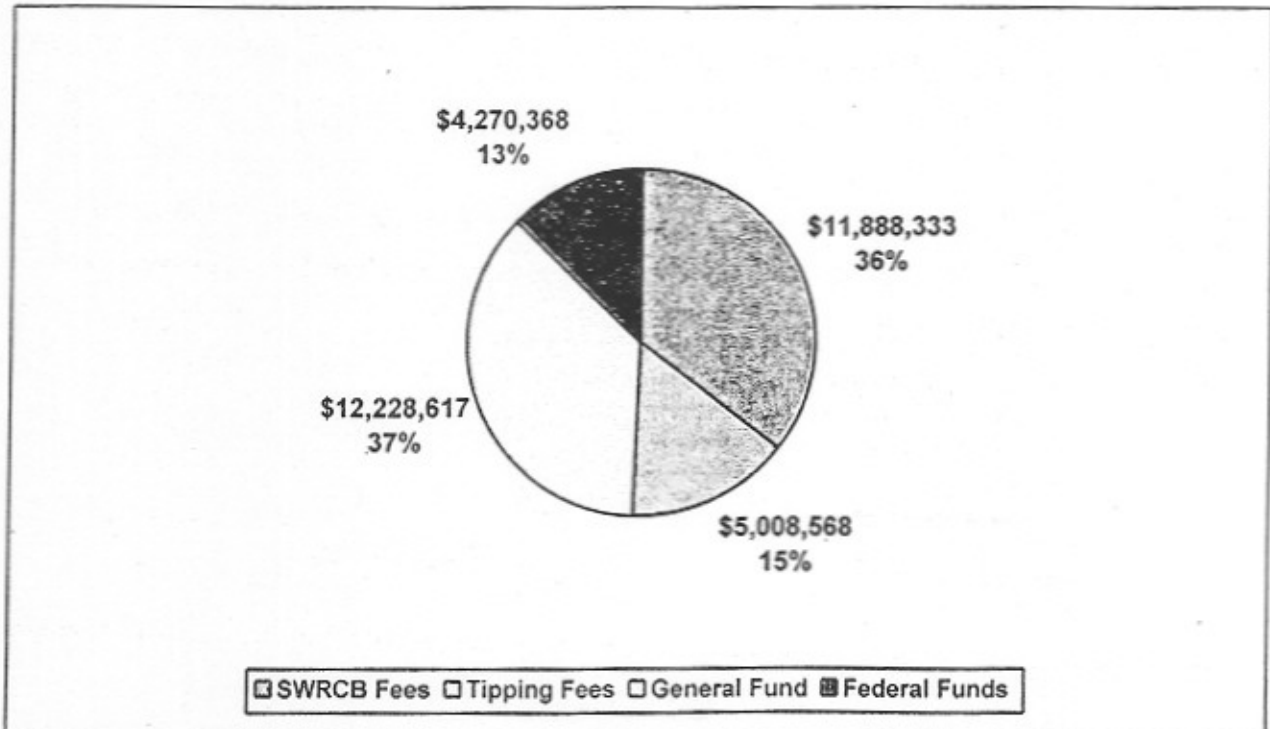


The pie charts below summarize funding of SWRCB's core regulatory programs for fiscal years 1996-97 and 1995-96.

**FY 1996-1997**



**FY 1995-1996**



## RECOMMENDED “FAIR SHARE” CONCEPT VERSUS “POLLUTER PAYS PRINCIPLE”

Beginning with its analysis of the 1990-91 Budget Bill, the Legislative Analyst’s Office (LAO) began calling for greater use of fees – rather than the State’s General Fund – for financing resource and environmental protection programs through:

- **User fees** for programs that provide a direct benefit to an identifiable population or group and that can be charged to the people who directly benefit from these programs.
- **“Polluter pays fees”** that require *private* individuals or businesses who use or degrade a *public* resource (such as air, water or wildlife) to pay all or a portion of the social costs imposed by their use of the resource. LAO staff indicated that “polluter pays fees” are generally used in two ways:
  - **Regulatory fees** are used to prevent or reduce the degradation of the public resource by regulating private activities.
  - **Impact fees** are used to restore or enhance a public resource after it has been degraded or used; they act as a proxy for the costs of using the resource.

LAO staff called for **waste discharge fees** to people who discharge wastes onto land or waters to pay for a portion of the costs of SWRCB programs for regulating the amount and kind of wastes that can be discharged. LAO staff also recommended enactment of legislation requiring regulatory fees to be adjusted annually to fully cover the costs of SWRCB’s regulatory programs.

LAO staff have divided SWRCB regulatory activities into four areas: (1) issuance and periodic renewal of permits, (2) inspection of waste treatment works, (3) evaluation of monitoring data, and (4) enforcement of water quality standards/permit limits. However, LAO staff have not indicated which of the above regulatory activities should be covered by fees.

In keeping with the spirit of the LAO recommendations, we believe it is necessary to differentiate among three categories of SWRCB activities:

- **Permitting, monitoring, and inspection activities** that fit the LAO’s definition of regulatory fees.
- **Investigation and enforcement activities** that do not really fit the LAO’s definition of regulatory fees, because SWRCB time and costs spent on these activities are not related to the nature and/or volume of discharges by individual permittees.
- **Abatement activities** that fit the LAO’s definition of what should be covered by impact fees.

Applying these three categories to the LAO philosophy on fees, we believe that SWRCB core regulatory program activities should be funded as indicated below:

SWRCB Core Regulatory Program Activities	Proposed Source of Funding
Permitting, monitoring and inspection	Regulatory fees
Investigation and enforcement	General Fund
Abatement	Fines and penalties

We define the above matrix as a “fair share” approach to funding of SWRCB’s core regulatory programs.

***Section IV***

***Identification of Fee  
Structure Alternatives***

## IDENTIFICATION OF FEE STRUCTURE ALTERNATIVES

### OVERVIEW OF EXISTING CORE REGULATORY PROGRAM FEE STRUCTURE

SWRCB's existing fee structure was adopted in 1992 by regulation under Section 2200 of Title 23 of the California Code of Regulations. Fees are assessed on a sliding scale and range from \$250 to the statutory cap of \$10,000. The scale is based on the size and volume of discharge, the threat to water quality, and the complexity of the discharge:

- **Threat to water quality (TTWQ).** Threat to Water Quality is a relative categorization of the waste discharge's potential effect upon surface or ground water quality and the beneficial uses of those waters. Category I includes those discharges which could cause long-term loss of beneficial use, such as a drinking water supply, aquatic habitat, etc. Category II includes those discharges which could impair the designated beneficial uses, cause short-term violations of water quality objectives, violate secondary drinking water standards, etc. Category III are those discharges which could degrade water quality without violating objectives or could cause minor impairment of beneficial uses.
- **Complexity (CPLX) of discharge.** Complexity is a relative categorization of the nature of the waste discharge. Category (a) includes any major NPDES discharge, any influent involving priority pollutants or toxics, those discharges having numerous discharge points or ground water monitoring, etc. Category (b) includes those dischargers not in (a) who have physical, chemical, or biological treatment systems, any Class II or III waste management unit, etc. Category (b) treatment systems exclude septic systems with subsurface disposal. All other discharges are ranked in Category (c).

### HISTORY OF SWRCB FEES FOR CORE REGULATORY PROGRAMS

The table on the following page summarizes the legislative history of fees for SWRCB core regulatory programs.



## History of SWRCB Annual Fees for Core Regulatory Programs

1967	State Water Resources Control Board (SWRCB) created by the Legislature.
1968	Porter-Cologne Water Quality Control Act directed the SWRCB to establish water quality policies and standards to safeguard the State's water resources.  Waste Discharge Requirements (WDR) permits established to regulate discharges based on waste constituents, associated activity, applicable federal and state provisions, and the beneficial use of the receiving water.
1982	Filing fee paid for WDR's increased. Since the WDR does not expire, a fee was paid only if the permittee made a significant, material change to the WDR. National Pollutant Discharge Elimination System (NPDES) permittees paid up to a \$50,000 filing fee every five years to renew their permits.
1988	SWRCB proposed legislation authorizing annual waste discharge fees for surface and land discharges.
1989	Chapter 627, Statutes of 1989 enacted annual waste discharge fee and created the Waste Discharge Permit Fund.
FY 90/91	SWRCB started collecting annual waste discharge fees. Approximately \$1.9 million was collected in the fiscal year. The fee schedule has the same format as the current schedule, but with lower fees.
FY 91/92	Fee schedule revised to a sliding scale based on relative threat to water quality to fund an augmentation. This is the fee schedule currently used to assess annual fees for WDR's.
FY 91/92	SWRCB prepared/submitted a report (in response to the Supplemental Report of the 1991 Budget Act) identifying four alternatives to generate an additional \$3.8 million to augment permitting, inspection, and enforcement activities.
1992	Assemblyman Sher sponsored legislation (AB 3693) to increase the statutory cap on NPDES/WDR permit fees from \$10,000 to \$150,000; the legislation failed.



## SURVEY OF REGULATORY FEES USED BY OTHER STATES

In March 1998, SWRCB staff completed a survey of the types of NPDES permit fees imposed by California and 25 other states in FY 1996/97, as summarized below:

Summary of NPDES Permit Fees for 26 States

State	Fees for NPDES permits	Total fees collected annually	Fee range	Fees capped by law	Fee Basis			
					Fee period	Facility type	Facility design flow/size	Other
Alabama	Yes	\$1,274,320 <sup>1</sup> \$993,677 <sup>2</sup>	NR	Yes	5 year	NR	NR	NR
Arkansas	Yes	\$2,500,000	\$4,000-\$30,000	Yes	annual	X	X	X
California	Yes	\$11,935,195	\$400-\$10,000	Yes	annual			X <sup>a</sup>
Florida	Yes	NR	\$200-\$11,000 <sup>3</sup> \$500-\$7,500	NR	annual 5 year	X	X	
Georgia	No							
Illinois	No							
Indiana	Yes	\$3,712,917	NR	NR	NR	NR	NR	NR
Iowa	Yes <sup>4</sup>	NR	\$150-\$1,250	NR	annual 5 year			
Kansas	Yes	\$450,000	\$25-?	NR	annual	X	X	
Maine	Yes <sup>7</sup>	NR	\$175-\$8,199	NR	annual	X		X <sup>f</sup>
Michigan	Yes <sup>4</sup>	NR	\$125-\$200	NR	annual			
Minnesota	Yes	\$2,804,594	\$85-\$135	NR	annual	X	X	
Mississippi	No							
Missouri	Yes	NR	\$15-\$43,500	NR	annual	X	X	
Nebraska	No							
New Jersey	Yes	\$13,500,000 <sup>5</sup>	\$500-\$400,000	NR	NR			X <sup>b</sup>
New York	Yes	NR	\$50-\$40,000	NR	NR	X	X	
Ohio	Yes	\$4,132,470	\$180-\$54,000	NR	annual	X	X <sup>e</sup>	
Oklahoma	Yes	NR	NR	NR	NR	NR	NR	NR
Pennsylvania	Yes	NR	\$250-\$500	NR	NR	NR	NR	NR
South Carolina	Yes	NR	\$75-\$1,800+	NR	NR		X	X <sup>c</sup>
South Dakota	Yes	NR	\$37-\$100,000	Yes	annual	X	X	X <sup>d</sup>
Utah	Yes	NR	\$60-\$10,800	NR	NR		X	X
Vermont	Yes	\$280,000	\$50-\$30,000 <sup>3</sup>	Yes	5 year		X	X
Virginia	Yes	NR	\$200-\$8,000	NR	NR		X	X
West Virginia	Yes	NR	\$50-\$2,500 <sup>6</sup>	Yes	annual 5 year		X	X <sup>d,e</sup>

NR = Not Reported

X = Applicable

a = Formula based upon threat to water quality and complexity of discharge

b = Formula includes fixed amount based on NJDEP costs and a variable amount based on pollutant loadings

c = Fee based on number of discharge pipes and facility discharge flow

d = POTW/municipal fee based on population

e = Fee based on waste type

f = Fee based in part upon quantity of pollutants discharged

g = Major industrials are surcharged \$6,750 on top of annual fee and surcharge is reflected in values presented

1 = 1997 data

2 = 1998 data

3 = application fee is assessed in addition to annual fee

4 = stormwater permits only, no charges for other permits

5 = includes \$2.3 million from stormwater permits

6 = annual fee is assessed in addition to 5 year renewal fee

7 = three part fee system: includes basic fee, adjustment for water quality impacts, and discharge or license fee

## SURVEY OF STAKEHOLDERS REGARDING FEE-SETTING CRITERIA

This survey was sent to approximately 800 dischargers and key stakeholders and 116 surveys were returned and tabulated. Below is a summary of key results. Appendix A contains the detailed results.

**Question 1. What percentage of the costs of the SWRCB core regulatory programs should be recovered from permit fees? Of the 116 respondents:**

- 40% indicated that 100% of the costs of the SWRCB core regulatory programs (waste discharge permitting, monitoring and enforcement) should be recovered from permit fees.
- 55% indicated that 70% or more of the costs should be recovered from permit fees.
- 80% of the respondents felt that 50% or more of the costs should be recovered from permit fees.

**Question 2: Fee structure criterion considered most important to respondents:**

- Equity to all permit holders: 44%
- Provide for predictable costs to permit holders: 21%
- Consistent with Federal and State policies: 14%
- Simple to understand: 6%
- Ease of implementation: 5%
- Easy to administer: 5%
- Flexible, able to adapt to changing regulations: 4%

**Question 3: Preferences for a rate structure that has an annual cost of living adjustment (COLA):**

- No: 64% to Yes: 35%

**Question 4: Preferences for a rate structure in which fees are capped at specific amounts:**

- Yes: 61% to No: 37%
- 66% of the respondents saying "yes" support a cap of \$10,000 or up
- 25% of the respondents saying "yes" support a cap of less than \$10,000

**Questions 5 to 15: Preferences for a rate structure that is based on:**

- Charges by specific function – 50% Liked / 27% Disliked
- Fees based on recovery of actual costs related to permitting functions – 45% Liked / 28% Disliked
- Total wastewater treatment volume – 48% Liked / 28% Disliked
- A flow or volume component – 47% Liked / 26% Disliked
- A discharge's threat to water quality – 45% Liked / 35% Disliked
- The number/type of pollutants in the discharge – 45% Liked / 29% Disliked
- The number of animals for which a permit is issued – 42% Liked / 17% Disliked
- The size (annual revenue) of an industry – 65% Disliked / 14% Liked
- Land area for which the permit is issued - 62% Disliked / 14% Liked
- Population - 56% Disliked / 26% Liked
- The number of utility connections – 46% Disliked / 25% Liked

## **FOCUS GROUP DISCUSSIONS OF CORE REGULATORY PROGRAM FEE STRUCTURE**

The following is a high level summary of salient points from the initial three focus group sessions we used to identify core regulatory program fee issues to different discharger constituencies: (1) NPDES and Non-Chapter 15 dischargers, (2) agricultural interests, and (3) stormwater and Chapter 15 permittees (primarily waste management operators).

### **Focus Group #1 – NPDES and Non-Chapter 15 WDR Issues**

1. Need for an equitable fee structure that is “cost-based” with a fee cap that reflects costs.
2. Need for an equitable fee structure that assures that the core regulatory program fee burden is not all passed on to point source fee payers alone.
3. Need to separate permitting activities from enforcement activities in a fee structure.
4. Need to add Flow/Volume to other indicators of the environmental impact of wastewater.

### **Focus Group #2 – Agricultural Issues**

1. Need to provide dairies with “safe harbors” that keep fees to a necessary minimum, require less and less enforcement over time, and yet meet Clean Water Act requirements.
2. Need to recognize that CAFO size is not necessarily correlated to water quality problems, because newer, larger dairies are better equipped to handle discharges.
3. Need to exempt poultry CAFO’s when they are not dischargers, because the manure is actually used as fertilizer.
4. Need for the fee structure to allow variances among SWRCB regions due to the differences in the receiving watersheds.

### **Focus Group #3 – Stormwater and Chapter 15 WDR Issues**

1. Need to address the co-permittee issue (e.g., cities in Los Angeles County should pay additional fees based on their area-wide permits).
2. Need to recognize that the Water Code is intentionally inconsistent to address specific geographic issues in the differences in the watersheds and different environmental needs.
3. Need for permit fee structure to be straightforward, so permittees know what they are paying for; it also needs to be able to be communicated to the Legislature and the public.
4. Need for a sliding fee scale that reflects the nature of the receiving body, the volume of discharges, and the concentration of discharges.

## REVIEW OF DEPARTMENT OF TOXIC SUBSTANCES CONTROL FEES

As part of our Phase I analysis, we also reviewed the fee reform initiatives of the Department of Toxic Substances Control (DTSC) over the past five years. That reform effort began when the California Environmental Protection Agency (Cal-EPA) convened a task force of representatives from fee payers, state representatives, and Legislature, as required by SB 1222 (Chapter 638, Statutes of 1995). Below is a summary of the key conclusions and recommendations submitted by the task force in January 1997.

### Results of the DTSC Task Force on Fee Reform

<p><b>Fee Reform Issues Addressed by the Task Force</b></p> <ul style="list-style-type: none"><li>• Provide protection for public health and safety and the environment</li><li>• Provide adequate funding to ensure the remediation of contaminated sites</li><li>• Not impose a disproportionate burden on any sector of California's economy</li><li>• Provide a level of funding that will enable DTSC to appropriately implement programs authorized by the Legislature in a manner consistent with the objectives of those programs</li><li>• Provide a means of funding that is consistent with the objectives of DTSC programs</li></ul>
<p><b>Then Existing Fee System Problems Identified by the Task Force</b></p> <ul style="list-style-type: none"><li>• Complexity – 31 different fees to cover a wide variety of DTSC activities</li><li>• Declining revenues due to reduction in the volume of waste generated</li><li>• Difficulty of predicting revenues due to variables such as legislative changes, changing waste management patterns, economic and technological changes, and inherent uncertainty in predicting fines and penalties, cost recovery, and federal funding.</li><li>• Administrative costs – to DTSC and fee payers – of collecting fees.</li><li>• Insufficient fee revenues to fund unmet needs of mandated programs.</li></ul>
<p><b>New Fee System Criteria Established by the Task Force</b></p> <ul style="list-style-type: none"><li>• Reliable</li><li>• Fair</li><li>• Consistent with environmental protection</li><li>• Meet legal, administrative and political concerns</li><li>• Satisfy clear differences between types of services and programs</li></ul>
<p><b>Key Funding Principles Established by the Task Force</b></p> <ul style="list-style-type: none"><li>• Regulatory fees should fund DTSC operations, but not the Site Mitigation Program.</li><li>• Responsible parties, where known, should pay for clean-up costs.</li><li>• Site mitigation "orphan shares" should be funded by broad-based fees that equitably distribute the costs of remediating such sites.</li><li>• General Fund support is appropriate for some site mitigation and other activities.</li><li>• Broad-based fees should continue to fund those activities which provide a broad public benefit.</li></ul>
<p><b>Key Conclusion Regarding "Fair Share" Funding with DTSC Fees</b></p> <ul style="list-style-type: none"><li>• "The basic concept of the 'beneficiary pays' or the 'polluter pays' is appropriate, but the principle only works when the entity receiving the benefit or causing the problem is identified and can pay. A number of the activities which the State performs cannot be directly tied back to a specific beneficiary or polluter, and in those cases, a wider reaching revenue source should be sought."</li></ul>



## DEFINITION OF FEE STRUCTURE ALTERNATIVES

Based on our document reviews, interviews and focus groups, we identified and developed four core regulatory program fee structure alternatives that range from the status quo to a new fee structure. Although each alternative stands on its own, Alternatives #2 through #4 represent a continuum of change from the existing fee structure and levels. In each successive alternative, the fee structure generates an increased amount of revenue, so fee payers provide a greater proportion of the costs of the SWRCB's core regulatory program (greater "fair share"). Below is a description of the four alternatives:

- **Alternative #1 – Existing Fee Structure**

Under the status quo, SWRCB would retain the existing fee structure and levels adopted by SWRCB and the Legislature in 1992.

- **Alternative #2 – Existing Fee Structure with Increased Fee Levels**

Under this alternative, SWRCB would make the following changes to the existing fee structure:

- a. Increase the statutory cap on fees to generate a "fair share" of core regulatory program resources
- b. Increase other lower fees proportionately in order to reduce fee compaction.

- **Alternative #3 – Existing Fee Structure with Increased Fee Levels and Other Changes**

Under this alternative, SWRCB would make the following additional changes to the existing fee structure:

- a. Increase the statutory cap on fees to generate a "fair share" of core regulatory program resources
- b. Increase other lower fees proportionately in order to reduce fee compaction.
- c. Modify the existing municipal separate storm sewer system (MS4) permit fee structure from its existing two (2) categories (systems serving more or less than 100,000 persons) to correspond to the nine (9) NPDES/WDR fee categories.
- d. Impose a surcharge of 10% of one-time and annual fees on each co-permittee for an NPDES, WDR or areawide (MS 4) stormwater permit.
- e. Impose an annual NPDES or WDR permit fee on large confined animal feeding operations (CAFO's), which are currently defined as those having 1,000 or more animal units. The amount of the annual fee would be established by Regional Boards using the same criteria that apply to NPDES permits or WDR's, with an incentive in the form of reduced fees for certification in a quality assurance program. For the purposes of this analysis, it is assumed that all of the CAFO's issued permits or WDR's will be certified and will qualify at approximately the Category IIb level for NPDES permits (\$4,000 annual fee).
- f. Charge dischargers who are not in compliance with their permits (or who fail to obtain required permits) for the costs of RWQCB and SWRCB staff time spent on investigatory and enforcement actions.
- g. Impose late fees and finance charges on permittees who fail to pay permit fees or other charges at the required time and on permittees who fail to obtain required permits.

- **Alternative #4 – A New Fee Structure**

Under this alternative, SWRCB would establish a fee structure (incorporating the above provisions) for the core regulatory program:

- a. Impose **one-time fees** associated with NPDES/WDR and other permit processing:
  - 1) **Permit application fee:** a one-time fee that would be paid at the time that a new NPDES or WDR permit application is submitted.

- 2) **Permit modification fee:** a one-time fee that would be paid at the time that an application to amend an existing NPDES or WDR permit is submitted.
  - 3) **Permit reissue fee:** a one-time fee that would be paid at the time that an application to reissue an existing NPDES or WDR permit.
- b. Impose annual charges associated with NPDES/WDR and other permit monitoring and inspection:
- 1) **Environmental risk charge:** an annual charge that would reflect the characteristics of discharges (loadings, toxicity, etc), and the nature of surface and/or ground waters impacted by discharges based on the existing threat to water quality (TTWQ) rating of dischargers.
  - 2) **Compliance determination charge:** an annual charge that would be paid in conjunction with determination that an NPDES or WDR permit holder is in compliance with its discharge requirements. This charge would be based on the existing complexity (CPLX) rating of dischargers.
  - 3) **Wastewater flow charge:** an annual charge that would further differentiate among existing wastewater dischargers based on the permitted baseline flow (volume) of their discharges.

#### PROSPECTIVE RATE SCHEDULES FOR FEE STRUCTURE ALTERNATIVES

On the following seven pages, we present a prospective fee schedule for each of the four fee structure alternatives. In essence:

- Alternatives #2 and #3 would both double the existing statutory cap on annual fees and would double most other fee levels as well.
- Alternative #3 would also increase the number of fee payers due to (a) the proposed surcharge on co-permittees and (b) the proposed annual fee on large CAFO's.
- Alternative #4 would differentiate between one-time fees for permit application, modification, and reissue and annual fees based on environmental risk, compliance monitoring, and wastewater flows.
- Alternative #4 would increase the statutory cap on annual fees from \$10,000 to \$47,500 while leaving annual fees for general permits at close to existing levels.

**Fee Structure Alternative #1**  
**Existing Fee Structure**

NPDES / WDR Permit Category	NPDES	Non-15	Ch. 15	Sec. 401
NPDES / WDR I-a	\$10,000	\$10,000	\$10,000	
NPDES / WDR I-b	7,000	5,500	7,500	
NPDES / WDR I-c	5,500	3,000	6,000	
NPDES / WDR II-a	4,000	2,000	5,000	
NPDES / WDR II-b	2,000	1,200	4,000	
NPDES / WDR II-c	1,200	900	3,000	
NPDES / WDR III-a	1,000	750	2,000	
NPDES / WDR III-b	750	400	1,500	
NPDES / WDR III-c	400	200	750	
Areawide Stormwater >100,000	10,000		0	
Areawide Stormwater < 100,000	5,000		0	
Industrial/Construction Stormwater (a)	500		0	
Industrial/Construction Stormwater (b)	250		0	
General Permits	varies	varies	0	
<b>Section 401 Certification</b>				
Certification Issued				<\$10,000
Certification Denied				varies
Certification Waived				500

- Notes: a. For industrial and construction stormwater facilities located in a city or county not covered by an areawide stormwater permit.
- b. For industrial and construction stormwater facilities located in a city or county covered by an areawide stormwater permit.



**Fee Structure Alternative #2**  
**Existing Fee Structure with a Higher Cap**

NPDES / WDR Permit Category	NPDES	Non-15	Ch. 15	Sec. 401
NPDES / WDR I-a	\$20,000	\$20,000	\$20,000	
NPDES / WDR I-b	14,000	11,000	15,000	
NPDES / WDR I-c	11,000	6,000	12,000	
NPDES / WDR II-a	8,000	4,000	10,000	
NPDES / WDR II-b	4,000	2,400	8,000	
NPDES / WDR II-c	2,400	1,800	6,000	
NPDES / WDR III-a	2,000	1,500	4,000	
NPDES / WDR III-b	1,500	800	3,000	
NPDES / WDR III-c	800	400	1,500	
Areawide Stormwater >100,000 population	20,000		0	
Areawide Stormwater <100,000 population	10,000		0	
Industrial/Construction Stormwater (a)	1,000		0	
Industrial/Construction Stormwater (b)	500		0	
General Permits	500	500	500	
<b>Section 401 Certification</b>				
Certification Issued / Denied				<\$20,000
Certification Waived				1,000

- Notes: a. For industrial and construction stormwater facilities located in a city or county not covered by an areawide stormwater permit.
- b. For industrial and construction stormwater facilities located in a city or county covered by an areawide stormwater permit.

### Fee Structure Alternative #3

#### Existing Fee Structure with a Higher Cap and Other Changes

NPDES / WDR Permit Category <sup>(a)</sup>	NPDES	Non-15	Ch. 15	Sec. 401
NPDES / WDR I-a	\$20,000	\$20,000	\$20,000	
NPDES / WDR I-b	14,000	11,000	15,000	
NPDES / WDR I-c	11,000	6,000	12,000	
NPDES / WDR II-a	8,000	4,000	10,000	
NPDES / WDR II-b	4,000	2,400	8,000	
NPDES / WDR II-c	2,400	1,800	6,000	
NPDES / WDR III-a	2,000	1,500	4,000	
NPDES / WDR III-b	1,500	800	3,000	
NPDES / WDR III-c	800	400	1,500	
Areawide Stormwater >1,000k pop. (b)	40,000		0	
Areawide Stormwater 500k<1,000k pop.(b)	30,000		0	
Areawide Stormwater 200k<500k pop. (b)	20,000		0	
Areawide Stormwater 100k<200k pop.(b)	15,000		0	
Areawide Stormwater <100k pop. (b)	10,000		0	
Industrial/Construction Stormwater (c)	1,000		0	
Industrial/Construction Stormwater (d)	500		0	
General Permits	500	500	500	
<b>Section 401 Certification</b>				
Certification Issued / Denied				<\$20,000
Certification Waived				1,000

- Notes:
- a. NPDES permits and WDR's would also include annual fees for large CAFO's (i.e., greater than 1,000 animal units). For this analysis, it is assumed that all large CAFO's would qualify for a reduced fee based on certification in a quality assurance program and the average fee would be \$4,000.
  - b. Stormwater co-permittees would pay 10% of the annual fees paid by the primary permit holder.
  - c. For industrial and construction stormwater facilities located in a city or county not covered by an areawide stormwater permit.
  - d. For industrial and construction stormwater facilities located in a city or county covered by an areawide stormwater permit.

**Fee Structure Alternative #4**  
**A New Fee Structure: One-Time Application Fees (a, b)**

NPDES / WDR Permit Category (a)	NPDES	Non-15	Ch. 15	Sec. 401
NPDES / WDR I-a	\$10,000	\$10,000	\$10,000	
NPDES / WDR I-b	10,000	10,000	10,000	
NPDES / WDR I-c	10,000	10,000	10,000	
NPDES / WDR II-a	5,000	5,000	5,000	
NPDES / WDR II-b	5,000	5,000	5,000	
NPDES / WDR II-c	5,000	5,000	5,000	
NPDES / WDR III-a	2,000	2,000	2,000	
NPDES / WDR III-b	2,000	2,000	2,000	
NPDES / WDR III-c	2,000	2,000	2,000	
Areawide Stormwater (>1,000k pop.)	20,000		0	
Areawide Stormwater (500k<1,000k pop.)	15,000		0	
Areawide Stormwater (200k<500k pop.)	10,000		0	
Areawide Stormwater (100k<200k pop.)	7,500		0	
Areawide Stormwater (<100k pop.)	5,000		0	
Industrial/Construction Stormwater (c)	2,000		0	
Industrial/Construction Stormwater (d)	1,000		0	
General Permits	1,000	1000	1,000	
<b>Section 401 Certification</b>				
Certification Issued / Denied				<\$20,000
Certification Waived				2,000

- Notes:
- a. Permit modification fees would be 75% of corresponding permit application fees.
  - b. Permit reissue fees would be 10% of corresponding permit application fees.
  - c. For industrial and construction stormwater facilities located in an area not covered by a regional stormwater permit.
  - d. For industrial and construction stormwater facilities located in an area covered by a regional stormwater permit.

**Fee Structure Alternative #4**  
**A New Fee Structure: Annual Charges**

NPDES / WDR Permit (Non-Chapter 15)	Flow/Volume Charge	Environmental Charge	Compliance Charge	Total Charges
NPDES / WDR I-a (>25 mgd)	\$30,000	\$10,000	\$7,500	\$47,500
NPDES / WDR I-a (5-25 mgd)	15,000	10,000	7,500	32,500
NPDES / WDR I-a (<5 mgd)	2,500	10,000	7,500	20,000
NPDES / WDR I-b (>25 mgd)	30,000	10,000	5,000	45,000
NPDES / WDR I-b (5-25 mgd)	15,000	10,000	5,000	30,000
NPDES / WDR I-b (<5 mgd)	2,500	10,000	5,000	17,500
NPDES / WDR I-c (>25 mgd)	30,000	10,000	2,500	42,500
NPDES / WDR I-c (5-25 mgd)	15,000	10,000	2,500	27,500
NPDES / WDR I-c (<5 mgd)	2,500	10,000	2,500	15,000
NPDES / WDR II-a (>25 mgd)	15,000	2,500	3,750	21,250
NPDES / WDR II-a (5-25 mgd)	7,500	2,500	3,750	13,750
NPDES / WDR II-a (<5 mgd)	1,250	2,500	3,750	7,500
NPDES / WDR II-b (>25 mgd)	15,000	2,500	2,500	20,000
NPDES / WDR II-b (5-25 mgd)	7,500	2,500	2,500	12,500
NPDES / WDR II-b (<5 mgd)	1,250	2,500	2,500	6,250
NPDES / WDR II-c (>25 mgd)	15,000	2,500	1,250	18,750
NPDES / WDR II-c (5-25 mgd)	7,500	2,500	1,250	11,250
NPDES / WDR II-c (<5 mgd)	1,250	2,500	1,250	5,000

**Fee Structure Alternative #4**  
**A New Fee Structure: Annual Charges**

NPDES / WDR Permit (Non-Chapter 15)	Flow/Volume Charge	Environmental Charge	Compliance Charge	Total Charges
NPDES / WDR III-a (>25 mgd)	6,000	0	1,500	7,500
NPDES / WDR III-a (5-25 mgd)	3,000	0	1,500	4,500
NPDES / WDR III-a (<5 mgd)	500	0	1,500	2,000
NPDES / WDR III-b (>25 mgd)	6,000	0	1,500	7,500
NPDES / WDR III-b (5-25 mgd)	3,000	0	1,000	4,000
NPDES / WDR III-b (<5 mgd)	500	0	1,000	1,500
NPDES / WDR III-c (>25 mgd)	6,000	0	1,000	7,000
NPDES / WDR III-c (5-25 mgd)	3,000	0	500	3,500
NPDES / WDR III-c (<5 mgd)	500	0	500	1,000
Area Stormwater (>1,000k)	20,000	20,000	20,000	60,000
Area Stormwater (500k<1,000k)	15,000	15,000	15,000	45,000
Area Stormwater (200k<500k)	10,000	10,000	10,000	30,000
Area Stormwater (100k<200k)	7,500	7,500	7,500	22,500
Area Stormwater (<100k)	5,000	5,000	5,000	15,000
Industrial/Construction SW (c)	500	0	500	1,000
Industrial/Construction SW (d)	250	0	250	500
General Permits	250	0	250	500

- Notes:
- a. Permit modification fees would be 75% of corresponding permit application fees.
  - b. Permit reissue fees would be 10% of corresponding permit application fees.
  - c. For industrial and construction stormwater facilities located in an area not covered by a regional stormwater permit.
  - d. For industrial and construction stormwater facilities located in an area covered by a regional stormwater permit.



**Fee Structure Alternative #4**  
**A New Fee Structure: Annual Charges**

WDR Permit (Chapter 15)	Flow/Volume Charge	Environmental Charge	Compliance Charge	Total Charges
NPDES / WDR I-a	\$0	\$10,000	\$7,500	\$17,500
NPDES / WDR I-b	0	10,000	5,000	15,000
NPDES / WDR I-c	0	10,000	2,500	12,500
NPDES / WDR II-a	0	2,500	3,750	6,250
NPDES / WDR II-b	0	2,500	2,500	5,000
NPDES / WDR II-c	0	2,500	1,250	3,750
NPDES / WDR III-a	0	0	1,500	1,500
NPDES / WDR III-b	0	0	1,500	1,500
NPDES / WDR III-c	0	0	1,500	1,500
General Permits	0	0	250	250

**Section V**

**Evaluation of Fee  
Structure Alternatives**

## EVALUATION OF FEE STRUCTURE ALTERNATIVES

Our evaluation of SWRCB core regulatory program fee structure alternatives consisted of two parts: (1) a high-level evaluation of the four alternatives by the 15 participants in the September 20<sup>th</sup> focus group and (2) a more detailed evaluation of the four alternatives by our consulting team.

### FOCUS GROUP EVALUATION OF FEE STRUCTURE ALTERNATIVES

On September 20, we conducted a follow-up focus group session of SWRCB stakeholders to review the four proposed fee structure alternatives. Focus group participants:

- Generally agreed that (a) SWRCB fees should generate a "fair share" of the total funding for permit issuance, monitoring and inspection activities while (b) SWRCB point-source permit enforcement activities and all non-point- source activities should be paid for with General Fund dollars and not with SWRCB fees.
- Indicated that Alternative #4 (a new fee structure) would not be economically or politically acceptable to fee payers, because it is deemed too complicated.
- Requested more information for Alternatives #1 - #3, including fee revenue schedules for actual or projected fee payers as well as stacked bar charts and pie charts depicting the trends in core regulatory program funding for 1995/96 through 1999/2000.
- Suggested additional layering of areawide (MS 4) stormwater permit fees along the lines of NPDES permits (i.e., changing from two fee categories to nine fee categories).
- Suggested lowering the 25% co-permittee surcharge originally proposed to the 10% level eventually included in Alternative #3.
- Indicated the need to avoid charging landfill operators with both Chapter 15 WDR fees and CIWMB tipping fees.
- Indicated the need to avoid charging dredge and fill permit holders with both upfront Section 401 certification fees and subsequent WDR fees.

### CONSULTING TEAM EVALUATION OF FEE STRUCTURE ALTERNATIVES

The table on the following page summarizes the evaluation of fee structure alternatives by our consulting team using the criteria indicated earlier in this report:

- Fair share
- Equity among fee payers
- Predictability to fee payers
- Consistency with federal and State policies
- Simplicity and understandability to fee payers
- Ease of implementation and administration
- Stability of revenue to SWRCB
- Balance of incentives and disincentives
- Unbundling of permitting/monitoring from enforcement/abatement.

Consultant Evaluation of SWRCB Core Regulatory Program Fee Structure Alternatives by Stakeholder Criteria

	Fee Alternative	Fee Structure Criteria									
		Fair Share	Equity	Predictability	Consistency	Simplicity	Ease of Admin.	Stability	Balance	Unbundling	
1	Existing Fee Structure	Low	Low	High	Medium	Medium	High	Medium	Low	Low	
2	Increased Fee Levels										
	A Increased Statutory Cap	Medium	Medium	High	Medium	Medium	Medium	Medium	Low	Low	
	B Increased Fees	Medium	Medium	High	Medium	Medium	Medium	Medium	Low	Low	
3	Increased Fee Levels with Other Changes										
	C Co-Permittee Fee	Low	Medium	High	Medium	Low	High	Medium	Low	Low	
	D Large CAFO Fee	Medium	Medium	High	High	Medium	Low	Medium	Low	Low	
	E Enforcement Cost Recovery	Medium	High	Low	Medium	Low	High	Low	Medium	High	
	F Late Fees & Finance Charges	Low	High	Low	Medium	Low	High	Low	Low	Low	
4	New Fee Structure										
	A Application Fee	Low	Medium	High	Medium	Medium	Medium	Medium	Low	Medium	
	B Modification Fee	Medium	Medium	High	Medium	Medium	Medium	Medium	Low	Medium	
	C Reissue Fee	Medium	Medium	High	Medium	Medium	Medium	Medium	Low	Medium	
	D Environmental Risk	High	High	High	Medium	Low	Low	Medium	Medium	Medium	
	E Compliance Determination	High	High	High	Medium	Low	Low	Medium	Low	Medium	
	F Wastewater Flow	High	High	High	Medium	Low	Low	Medium	Low	Medium	

The remainder of this section of the report describes our consulting team's more detailed evaluation of the fee structure alternatives using the criteria defined on the opposite page of this report.

- **"Fair share"** is defined as the proportion of core regulatory program funding derived from fee payers versus the general public. The table below summarizes the proportion of core regulatory program funding that is or would be provided by the various categories of fee payers and other funding sources for each of the four alternatives:

Funding Source / Fee Payer Category by Program	Alternative #1	Alternative #2	Alternative #3	Alternative #4
NPDES	\$3,412,400	\$6,824,800	\$6,824,800	\$15,991,250
Stormwater	4,625,000	9,250,000	10,348,502	11,028,750
Large CAFO's	0	0	3,120,000	5,538,000
Subtotal – NPDES	8,682,158	16,074,800	20,293,302	32,558,000
Non-Chapter 15 WDR's	2,591,500	5,183,000	5,183,000	17,041,000
Chapter 15 WDR's	3,123,000	6,246,000	6,246,000	9,278,750
Section 401 Certifications	855,000	1,710,000	1,710,000	1,577,500
Subtotal – SWRCB Fee Payers	14,606,900	29,213,800	33,150,452	60,455,250
Tipping Fees	6,036,000	6,036,000	6,036,000	0
General Fund	26,799,559	12,837,417	12,837,417	4,279,139
Federal Funds	5,708,218	5,708,218	5,708,218	5,708,218
Total Program Funding	\$53,795,435	\$53,795,435	\$57,732,087	\$70,442,607

Note: Alternatives #3 and #4 do not include an assumed \$282,000 in late fees and charges.

As indicated in the above table, the proportion of core regulatory program funding derived from SWRCB fees ranges from 28% for Alternative #1 (status quo) to 54% for Alternative #2, to 57% for Alternative #3, and to 86% for Alternative #4.

Note that total core regulatory program funding increases for both Alternative #3 and #4 due to the additional number of permittees (i.e., large CAFO's) and/or the additional amount of annual permit monitoring and inspection activity. In Alternative #3, we reduced General Funding to the same amount as in Alternative #2, in which total General Funding was reduced from \$26.8 million (the amount in the current fiscal year) to \$12.8 million (the amount needed to keep total program funding the same at \$53.8 million). In Alternative #4, we reduced General Funding to one-third the amount in Alternative #3, or \$4.3 million (an amount which is closer to the current level of funding for SWRCB investigation and enforcement activities). In Alternative #4, we also reduced the amount of tipping fees allocated to SWRCB to zero to offset the increase in SWRCB fees from Chapter 15 fee payers.

- **Equity among fee payers** is defined in terms of three dimensions:
  - Fee structure equity among dischargers covered by the different core regulatory programs.
  - Fee structure equity among dischargers in the 11 different categories of fees applicable to the NPDES/WDR permits and 401 certifications.
  - Fee structure equity between dischargers who comply with their permits and polluters who do not comply with their permits or fail to obtain the required permits.

The table on the top of the opposite page summarizes the proportion of core regulatory program funding that is or would be provided by fee payers under the various core regulatory programs. As indicated in the following table:

- NPDES permittees would pay a significantly higher dollar amount but a lesser percentage of the SWRCB fees under Alternative #3 than they would under Alternative #1.



Fee Payer Category	Alternative #1	Alternative #2	Alternative #3	Alternative #4
NPDES	23%	23%	21%	26%
Stormwater	32%	32%	31%	19%
Large CAFO's	<u>0%</u>	<u>0%</u>	<u>9%</u>	<u>9%</u>
Subtotal – NPDES	57%	55%	60%	54%
Non-Chapter 15 WDR's	18%	18%	16%	28%
Chapter 15 WDR's	21%	21%	19%	15%
Section 401 Certifications	<u>6%</u>	<u>6%</u>	<u>5%</u>	<u>3%</u>
Total – SWRCB Fee Payers	100%	100%	100%	100%

- Stormwater fees would more than double under Alternative #3, but stormwater permittees would pay a lesser percentage of total fees than they would under Alternative #1.
- Large CAFO's would pay about 9% of the annual fees under Alternative #3.
- Chapter 15 and Non-Chapter 15 WDR annual fees would essentially double under Alternative #3, but permittees would pay a slightly lesser percentage of the fees than they would under Alternative #1.
- One-time fees for Section 401 certifications would essentially double, but entities receiving Section 401 certifications would pay a lesser percentage of the fees than they would under Alternative #1.

Alternatives #2 and #3 both reduce fee compaction somewhat by virtue of the doubling in fee levels. For example, the fee for a I-a NPDES permit increases from \$10,000 to \$20,000, while the fee for a III-c NPDES permit increases from \$400 to \$800. The former continues to be 25 times the latter, but the difference in absolute dollars increases from \$9,600 to \$19,200.

Alternatives #3 and #4 address fee structure equity between dischargers who comply with their permits and polluters who do not comply with their permits or fail to obtain the required permits by virtue of the unbundling of investigation and enforcement activities from permitting, inspection and monitoring activities, as indicated below.

- **Predictability to fee payers** is defined as the extent to which fee payers know what level of fees they will pay over the life of the NPDES/WDR permit. The predictability of fees to permittees will depend on how the system is administered.
  - If one-time and annual fees continue to be fixed under the California Code of Regulations, then they will be very predictable to fee payers.
  - If one-time and annual fees are codified under the California Code of Regulations with an annual adjustment for inflation, then they will still be quite predictable to fee payers.
  - If one-time and annual fees are adjusted annually to meet SWRCB budget requirements, then they will be less predictable to fee payers.

The other sources of unpredictability associated with fee structure alternatives are due to unbundling of (a) enforcement cost recovery and (b) late fees and finance charges from regulator permit fees.

- **Consistency with federal and State policies** is defined as the extent to which the fee structure and fee levels clearly correspond to water quality mandates and objectives in the federal Clean Water Act and California's Porter-Cologne Water Quality Control Act. The only distinction among fee structure alternatives is due to the prospective imposition of NPDES permit fees on large CAFO's. In our opinion, the imposition of NPDES permit fees on large CAFO's is consistent with:

- *National Strategy for Animal Feeding Operations* (issued by the U.S. Environmental Protection Agency and the U.S. Department of Agriculture), which calls for regulation of large CAFO's (currently defined as 1,000 or more animal units) and voluntary compliance by smaller AFO's.
- *California Dairy Quality Assurance Program Partnership Agreement* signed by the following:
  - \* California Dairy Quality Assurance Program
  - \* California Department of Fish and Game
  - \* California Department of Food and Agriculture
  - \* California Environmental Protection Agency
  - \* California Farm Bureau Federation
  - \* California Milk Advisory Board
  - \* California Resources Agency
  - \* Milk Producers Council
  - \* State Water Resources Control Board
  - \* U.S. Department of Agriculture – Animal Plant Health Inspection Service
  - \* U.S. Department of Agriculture – Farm Services
  - \* U.S. Department of Agriculture – Natural Resources Conservation Service
  - \* U.S. Environmental Protection Agency – Region 9
  - \* University of California
  - \* Western United Dairymen.
- **Simplicity and understandability to fee payers** is defined as the extent to which the fee structure and fee levels are readily understood to the dischargers, the environmental community, and other stakeholders of SWRCB's core regulatory program.
  - Alternatives #1 - #4 are all based on **threat to water quality (TTWQ) and complexity (CPLX) of discharge** – the two factors which have been used since by SWRCB since 1991. Presumably, they are well understood by fee payers by now.
  - Alternatives #3 and #4 all entail unbundling of (a) enforcement cost recovery and (b) late fees and finance charges from regulator permit fees. Presumably, this would be viewed as more complex than the status quo.
  - Alternative #4 is a new fee structure that involves basing annual charges on three factors: (1) an environmental risk charge, (2) a compliance determination charge and (3) a wastewater flow charge. Even though the first two factors are still related to threat to water quality and complexity, the new fee structure would presumably be viewed as more complex than the other three alternatives.
- **Ease of implementation and administration** is defined as the extent to which the fee structure and fee levels – and changes to them – can be easily moved forward through approval in California's legislative and/or regulatory processes and execution by SWRCB. Based on the focus group feedback, we believe:
  - Alternatives #2 and #3 (if properly communicated to fee payers, legislators and other stakeholders) could obtain the necessary support for legislative change.
  - Alternative #4 (a new fee structure) would not be economically or politically acceptable to fee payers, because it is deemed too complicated and too costly.
  - Alternatives #3 and #4 would add to the SWRCB's administrative burden. See discussion below under **Additional Costs of Implementing and Administering Alternative Fee Structures**.
- **Stability of revenue to SWRCB** is defined as the extent to which core regulatory program fee revenues do not experience major year-to-year fluctuations unrelated to program changes made during development of the annual budget. The stability of SWRCB fee revenue will depend on whether or not there is an annual adjustment of both one-time and annual fees for inflation:

- If there is such an annual adjustment factor, then SWRCB fees should largely cover increases in SWRCB and RWQCB staffing and operating costs (to the extent that they increase at the rate of inflation).
- However, it is important to point out that non-SWRCB fee revenues would also have to increase by the rate of inflation in order to adequately cover the remaining costs of core regulatory programs.
- **Balance of incentives and disincentives** is defined as the extent to which the fee structure and fee levels provide both incentives (e.g., lower fees, tax credits, expedited approvals, etc.) and disincentives for dischargers to comply with their NPDES/WDR permits and to otherwise improve quality in watersheds they impact.
  - Both Alternatives #3 and #4 entail disincentives (e.g., higher fees, penalties, and legal cost recovery) to minimize non-compliance with permit requirements.
  - Alternative #4 involves imposition of an **environmental risk charge** that would reflect the characteristics of discharges (loadings, toxicity, etc), and the nature of surface and/or ground waters impacted by discharges. However, the environmental risk charge would not apply to fee payers that do not discharge wastewater into surface or ground waters:
    - \* **Large CAFO's** – newer facilities that employ technology to virtually eliminate animal wastewater discharges or to convert poultry manure into fertilizer.
    - \* **Chapter 15 entities** – waste management facilities that employ liner technology to virtually eliminate wastewater discharges to ground waters.
  - None of the alternatives involve use of incentives for dischargers to comply with their NPDES/WDR permits and to otherwise improve quality in watersheds they impact. Such incentives were deemed to be outside the scope of this fee study.
- **Unbundling of permitting/monitoring from enforcement/abatement** is defined as the extent to which the fee structure and fee levels differentiate between performing (a) NPDES/WDR permitting and monitoring compliance assurance activities and (b) investigatory, enforcement, and abatement activities. Both Alternatives #3 and #4 provide for unbundling the costs and funding of NPDES/WDR permitting, monitoring and inspection activities from the costs and funding of NPDES/WDR investigation, enforcement and abatement activities.

#### **Additional Costs of Implementing and Administering Alternative Fee Structures**

In addition to ease of implementation and administration described on page 37, SWRCB management asked our consulting team to identify additional costs to implement and administer each alternative. There are three types of additional costs (beyond those of getting legislative approval of the recommendations):

- **Fee billing records.** Both Alternatives #3 and #4 would require identifying the number of co-permittees of areawide (MS 4) stormwater permits in order to adjust SWRCB billing for annual fees. Both Alternatives #3 and #4 would also require identifying the estimated 700-800 large CAFO's that are not currently covered by annual NPDES or WDR fees in order to add them to the SWRCB fee billing system.
- **Enforcement cost recovery.** Both Alternatives #3 and #4 would require SWRCB to establish policies and procedures to standardize (a) the process of capturing and reporting RWQCB and SWRCB staff time spent on permit investigation and enforcement activities, (b) monetizing the resultant direct and indirect costs of such activities, and (c) billing permittees in such cases where cost recovery is appropriate.
- **Annual regulatory changes.** Both Alternatives #3 and #4 would entail additional costs of providing public notice of annual adjustments to fees as well as the applicable fines and penalties.

***Section VI***

***Recommendations***

## RECOMMENDATIONS

This section of the report details the recommendations for revising SWRCB's fee structure and levels for its core regulatory programs. It also proposes a strategy and timetable for implementing the recommendations of focus group participants and our consulting team.

### RECOMMENDED CORE REGULATORY PROGRAM FEE STRUCTURE

Based on our document reviews, interviews, focus groups and our own interviews, we are recommending the following changes to SWRCB's core regulatory program fee structure:

- a. **"Fair share" concept.** Adopt the following concept for funding SWRCB's core regulatory program, which, in our opinion, is consistent with recommendations made by the Legislative Analyst's Office.

SWRCB Core Regulatory Program Activities	Proposed Source of Funding
Permitting, monitoring and inspection	Regulatory fees
Investigation and enforcement	General Fund
Abatement	Fines and penalties

- b. **Recommended alternative.** Adopt Alternative #3 to fund SWRCB core regulatory program permit issuance, monitoring and inspection functions and activities.
- c. **Annual adjustment factor.** Adopt an annual adjustment factor – utilizing the California Consumer Price Index – to adjust the regulatory fees recommended in this report for inflation of core regulatory program costs.
- d. **General Funding.** Request continued State General Fund resources to cover the cost of core regulatory program enforcement activities.
- e. **Investigation and enforcement cost recovery.** Require SWRCB and/or RWQCB staff to keep track of time spent on NPDES/WDR permit investigation and enforcement activities and bill NPDES/WDR permittees for such time and cost recovery at rates and procedures established in the State Administrative Manual (SAM) in cases that result in violations.
- f. **Late fees and finance charges** Impose late fees and finance charges on permittees who fail to pay permit fees or other charges at the required time and on permittees who fail to obtain required permits at rates and procedures established in the State Administrative Manual (SAM).
- g. **Abatement account.** Deposit funds received for investigation and enforcement cost recovery as well as late fees and finance charges into a core regulatory program abatement account to be used for cleanup activities and to fund grants for voluntary improvements to watersheds.
- h. Adopt the implementation strategy and timetable described below.

### RECOMMENDED IMPLEMENTATION STRATEGY AND TIMETABLE

We are recommending the following strategy and timetable to implement the new fee structure.

#### Implementation Strategy

Based on our document reviews, interviews and focus groups, we are recommending the following strategy to implement the proposed core regulatory program fee structure:

- **Advisory group.** Appoint a core regulatory program fee advisory group of 10-15 members to provide periodic input to SWRCB staff on proposed changes to the fee structure and levels as well as related issues.



## Implementation Timetable

Based on our document reviews, interviews and focus groups, we are recommending the following timetable to implement the proposed core regulatory program fee structure:

Timetable	Responsibility	Recommended Action
November 2000	Executive Staff	Present recommendations to the SWRCB Board for discussion and follow-up, as appropriate.
November 2000	Executive Staff / Consultants	Present conclusions and recommendations to appropriate staff of CalEPA, the Department of Finance, and the Legislative Analyst's Office for discussion and follow-up, as appropriate.
November 2000	Executive Staff / Consultants	Present conclusions and recommendations to staff of the appropriate legislative committees for discussion and follow-up, as appropriate.
November 2000	Executive Staff	Revise, as necessary, FY 2001/02 budget change proposals related to core regulatory program fees.
November 2000	Executive Staff	Draft the "charter" for the recommended advisory group.
December 2000	SWRCB Board	Appoint members of the recommended advisory group.
December 2000	Executive Staff / Consultants (if appropriate)	Meet with recommended advisory group to (a) finalize the "charter," (b) review the analysis, conclusions, and recommendations in this final report, and (c) "fine tune" recommended fee structure and levels.
December 2000	Executive Staff / Advisory Group	Outline proposed legislation to enact recommended changes to the core regulatory program fee structure and levels. Review proposed legislation with prospective sponsors in the Senate and Assembly.
December 2000	Executive Staff	Present recommended fee structure/levels and proposed legislation to the SWRCB Board for consideration and adoption.
December 2000	Executive Staff	Submit this final report to the Legislature as required by the FY 1999/2000 budget bill and SB 390.
January 2001	Legislative Sponsors	Present proposed legislation to authorize recommended fee structure/levels to the appropriate Senate and Assembly committees of the Legislature.

***Appendix A***

***Stakeholder Survey  
Questions & Responses***

California Environmental Protection Agency   
**STATE WATER CONTROL RESOURCE BOARD**

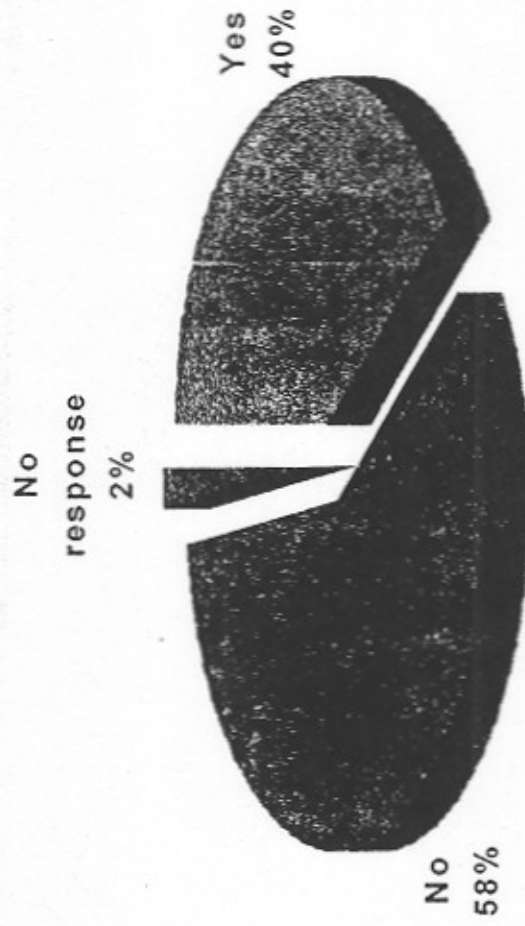
# **PRESENTATION**

# **SURVEY RESULTS**

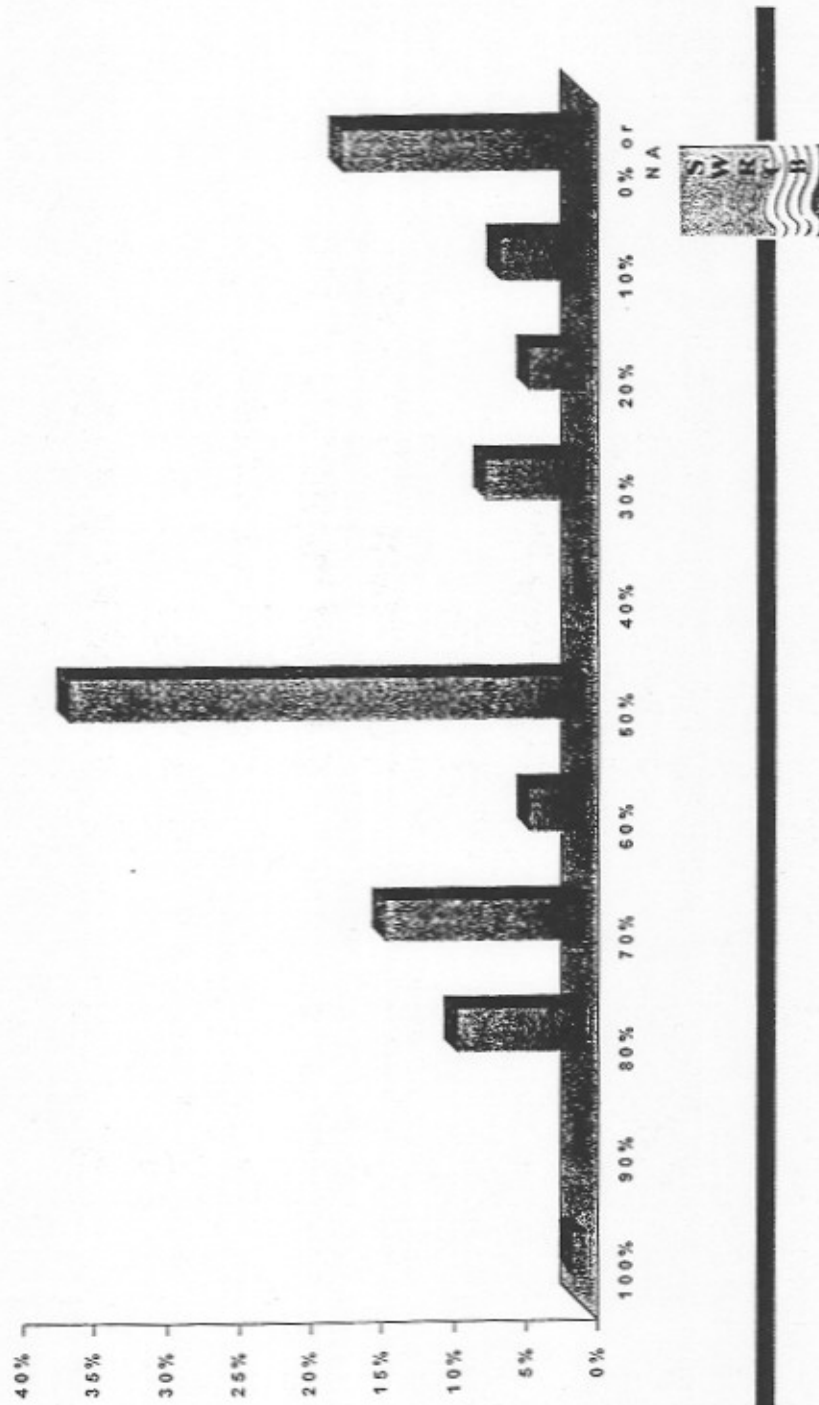
June 13 - 14, 2000



1) Should the costs of core regulatory program be fully recovered from permit fees?



If "No", what proportion of total program costs should be recovered from permit fees?



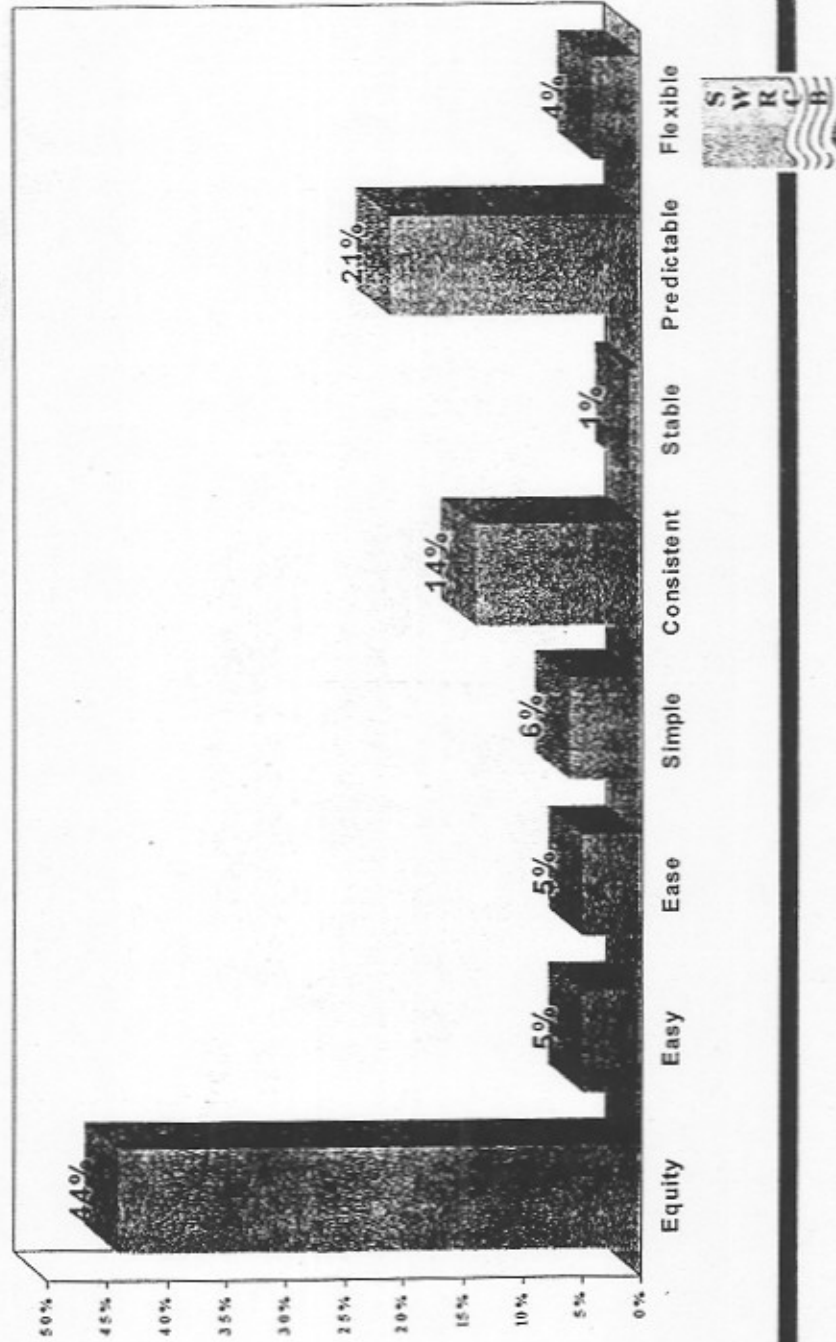


2) If you were rating the following criteria on its importance for a fee structure, which of the following criteria would be most important to you?

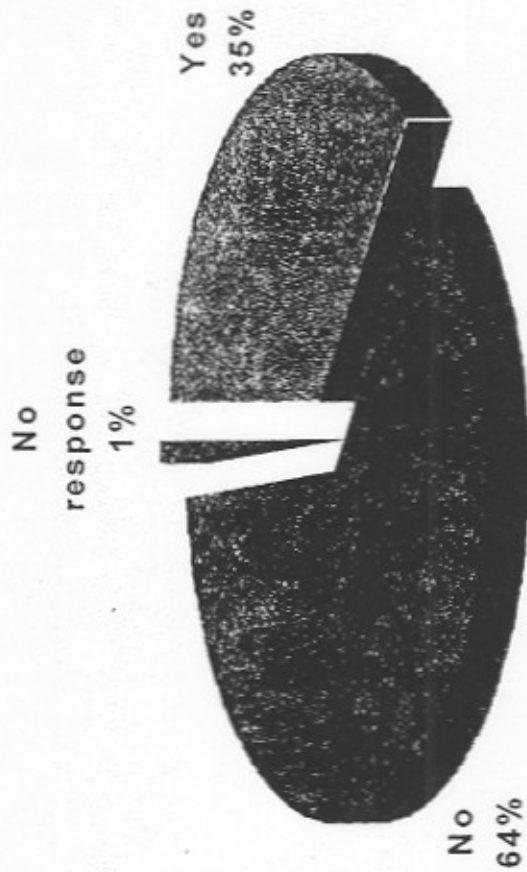
<u>Rank</u>	<u>Criteria</u>
1	Equity
2	Predictable
3	Simple
4	Consistent with Laws
5	Ease of Implementation
6	Easy to administer
7	Flexible
8	Stable Revenue Source



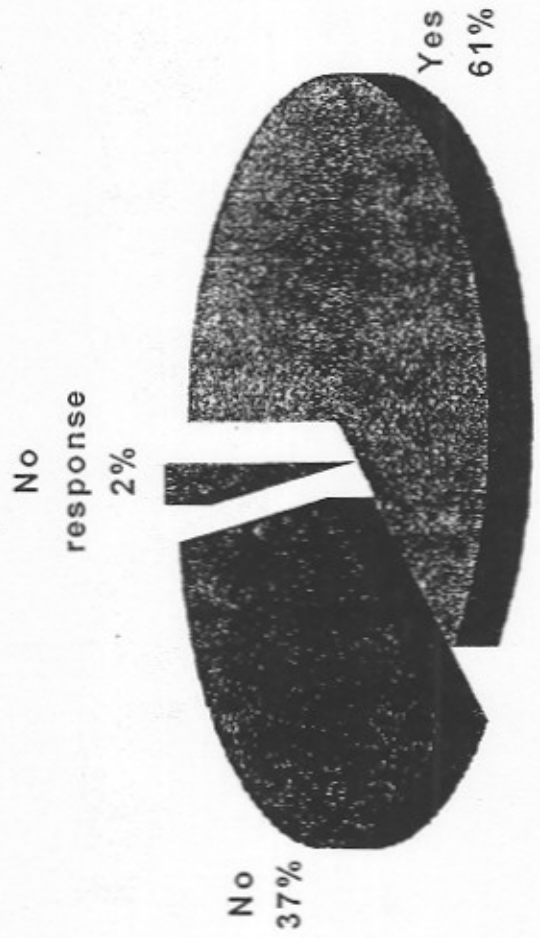
### Percentage of respondents that considered each criteria the most important



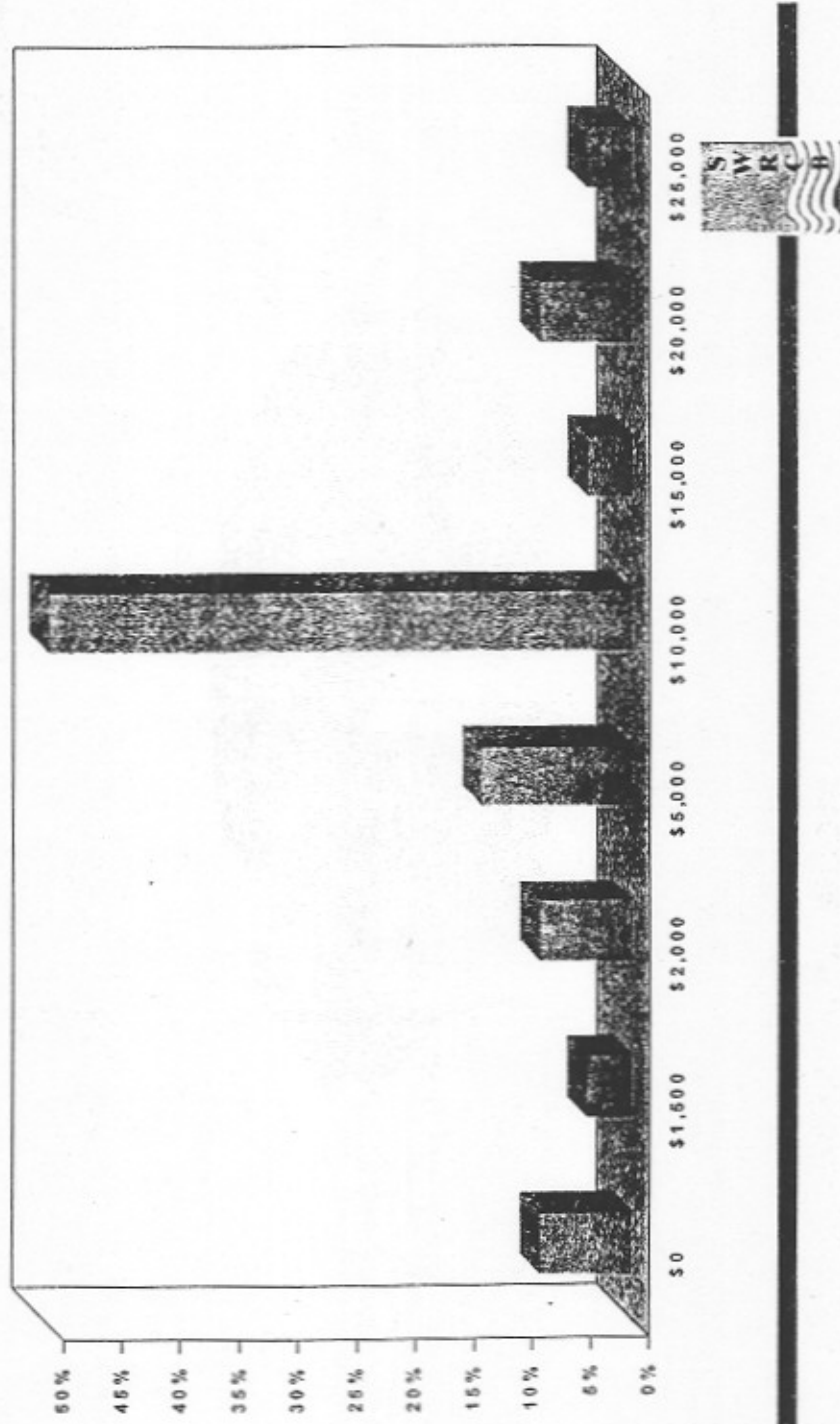
3) Should any proposed SWRCB water quality fee system have a cost of living adjustment build into the fees?



3) Should SWRCB water quality fees be capped at specific maximum amount?

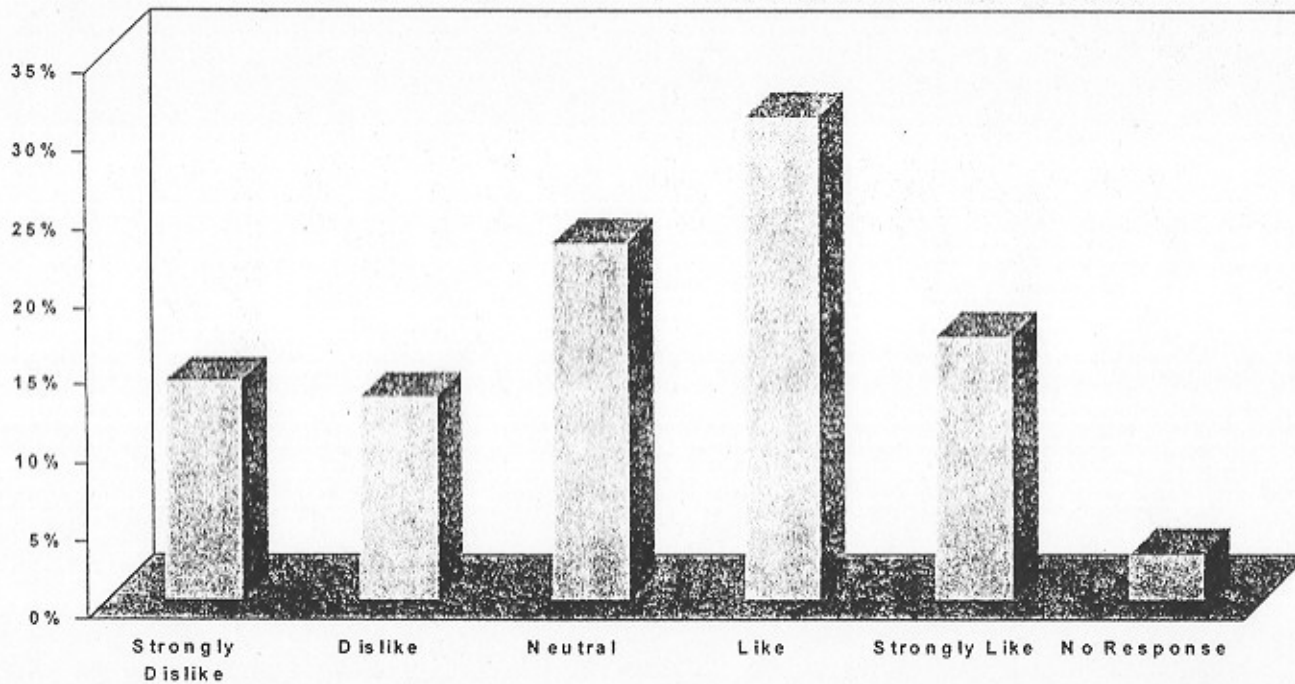


### If "Yes", what amount?

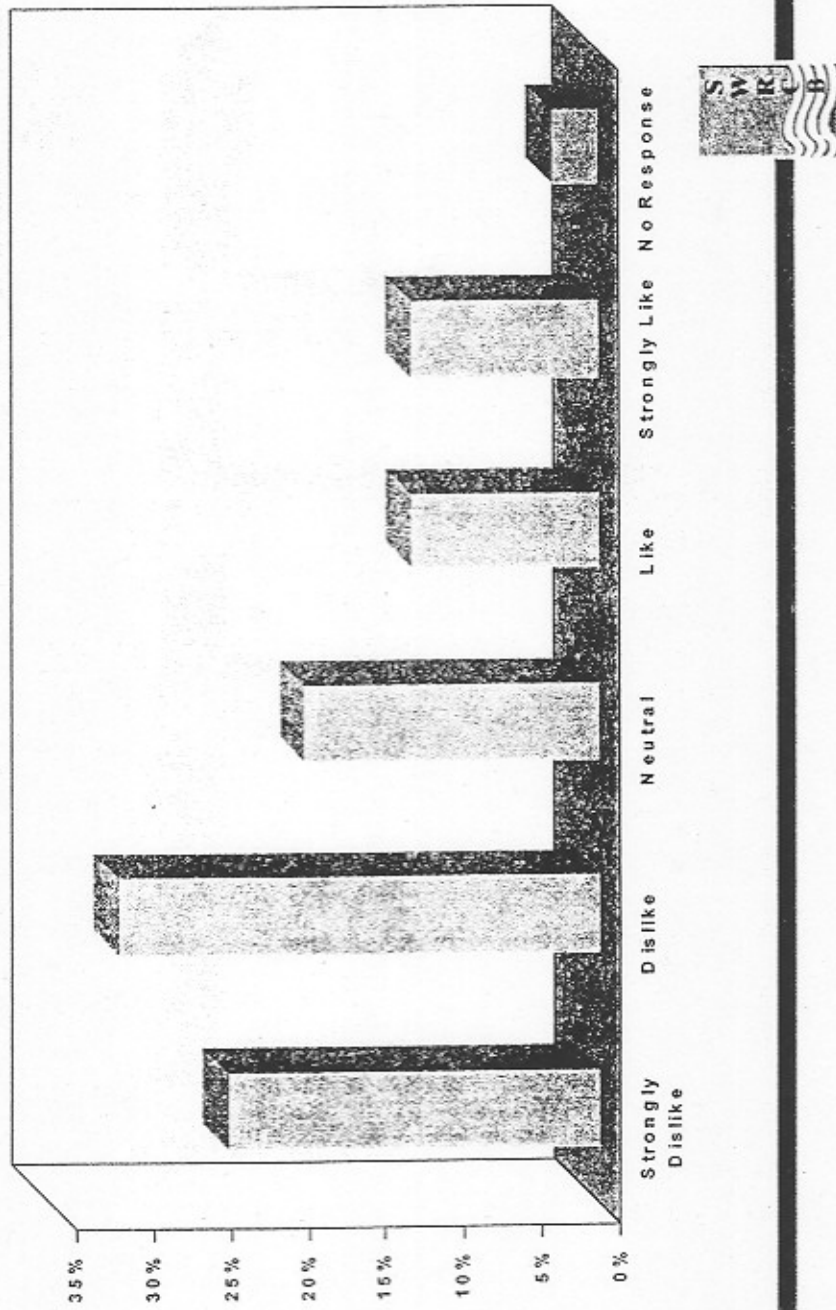




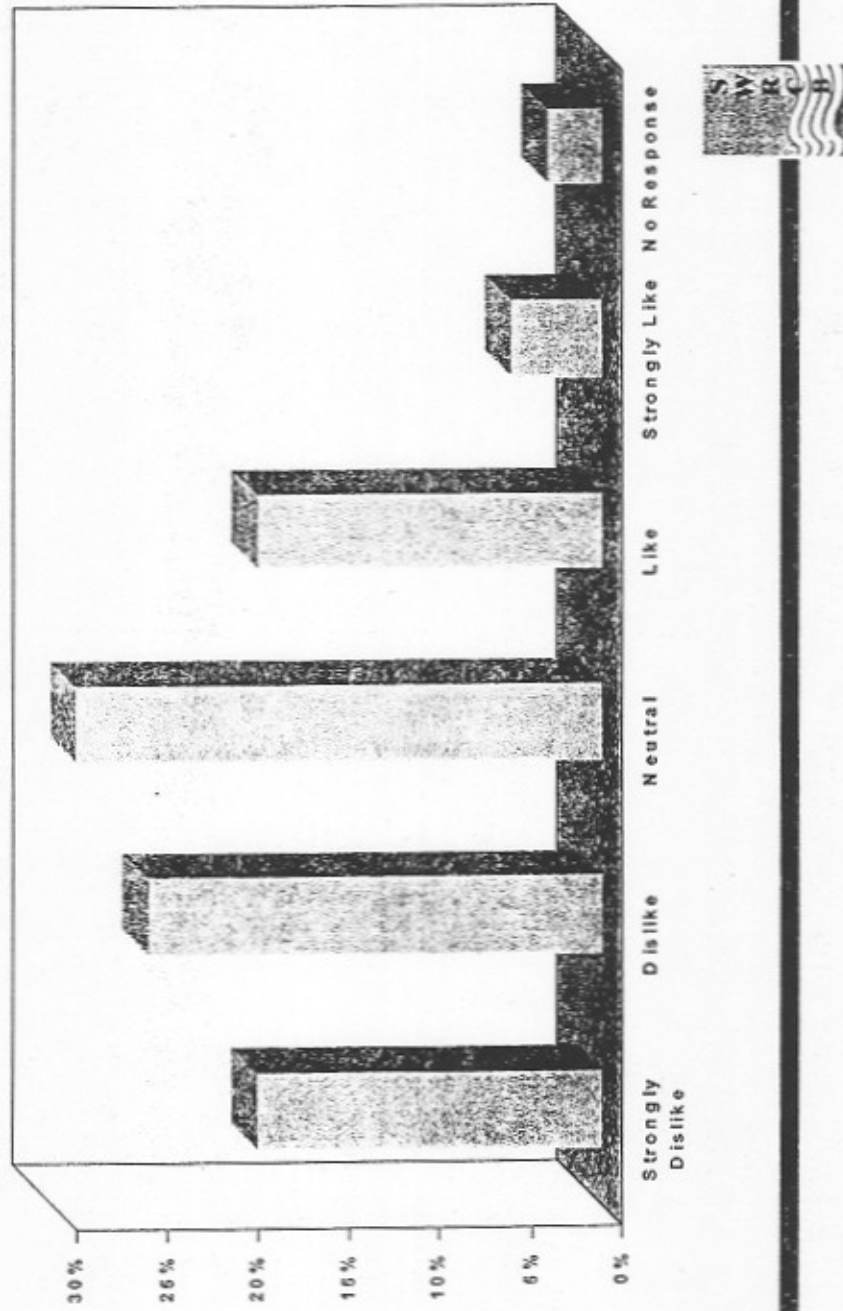
5) How do you feel about a rate structure that uses the actual charges by specific functions as the basis of the fee?



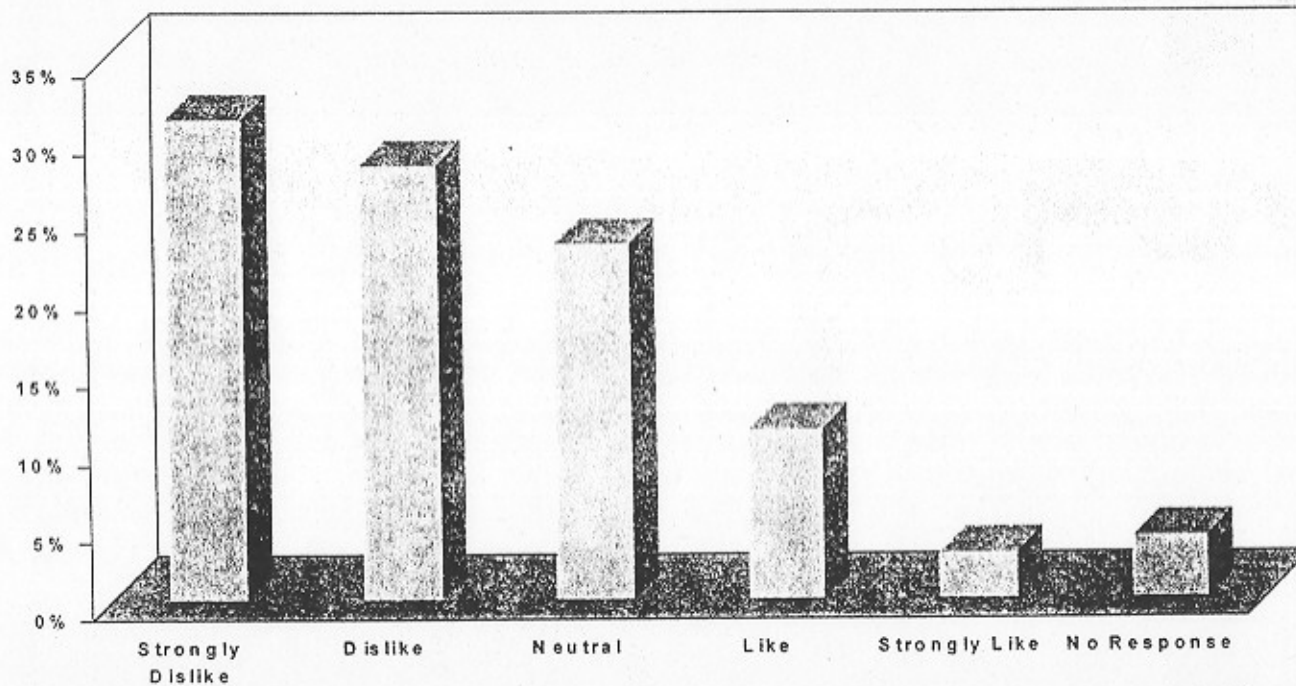
6) How do you feel about the concept of fees that are based on population?



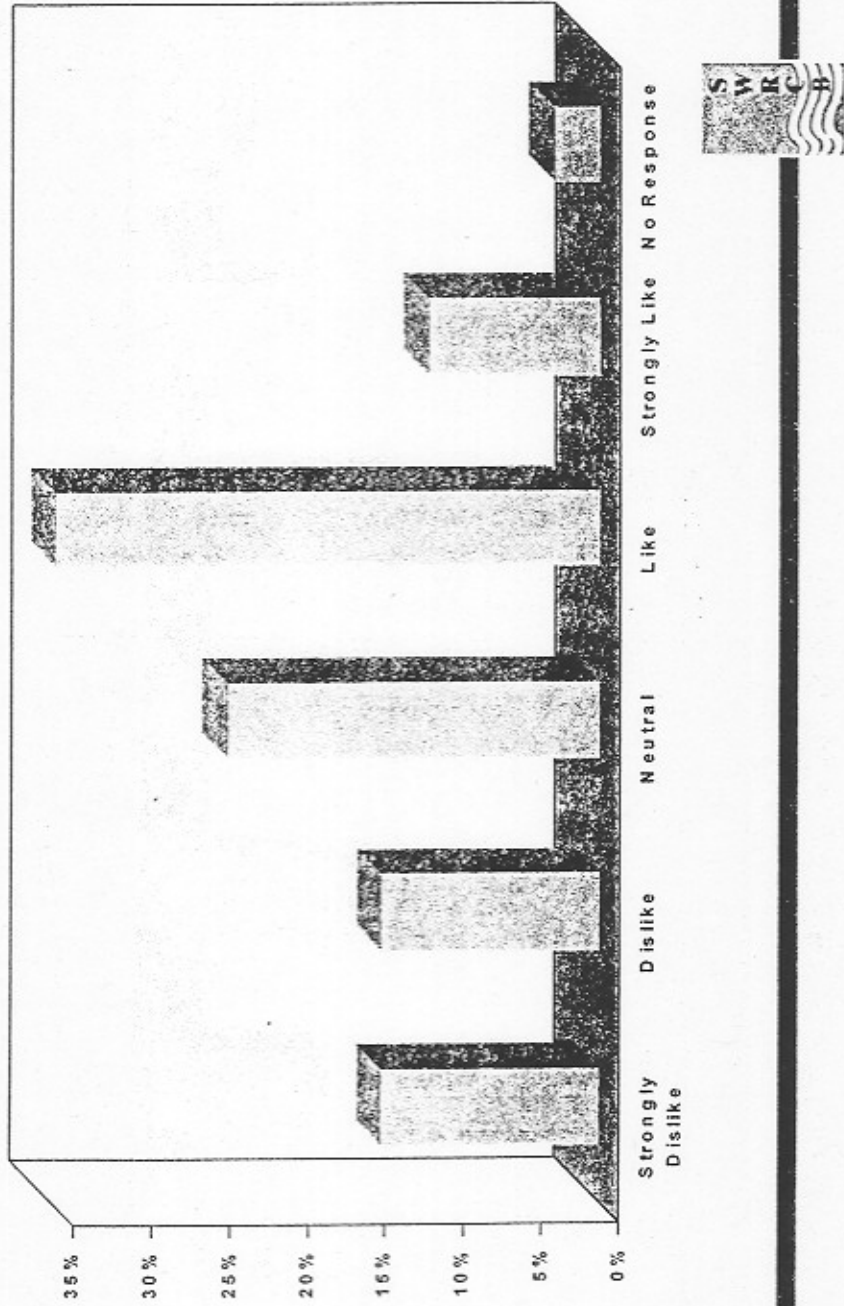
7) How do you feel about having fees based on the number of utility connections?



8) How do you feel about permit fees that are based on the land area for which the permit is issued?

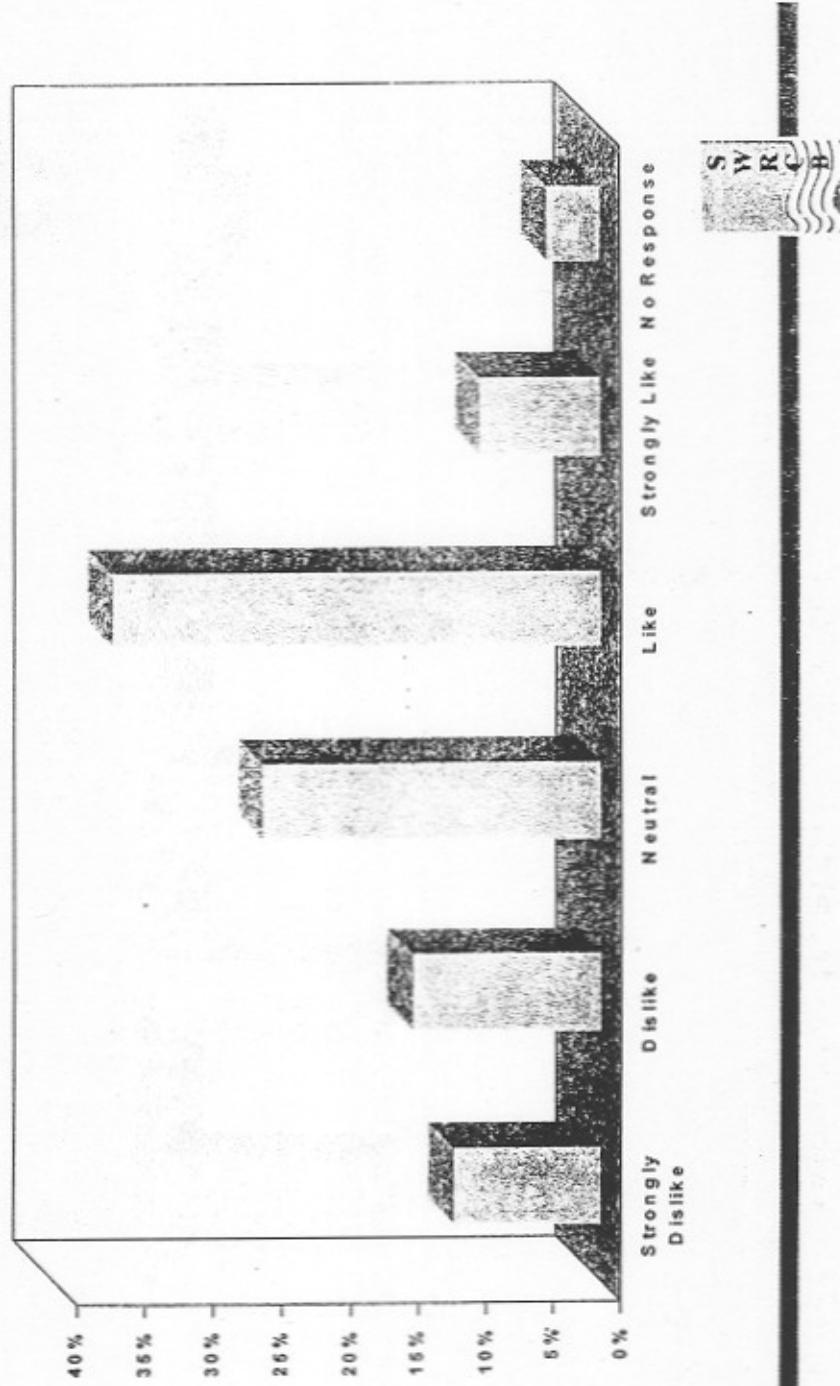


9) How do you feel about permit fees that are based on total wastewater treatment volume?

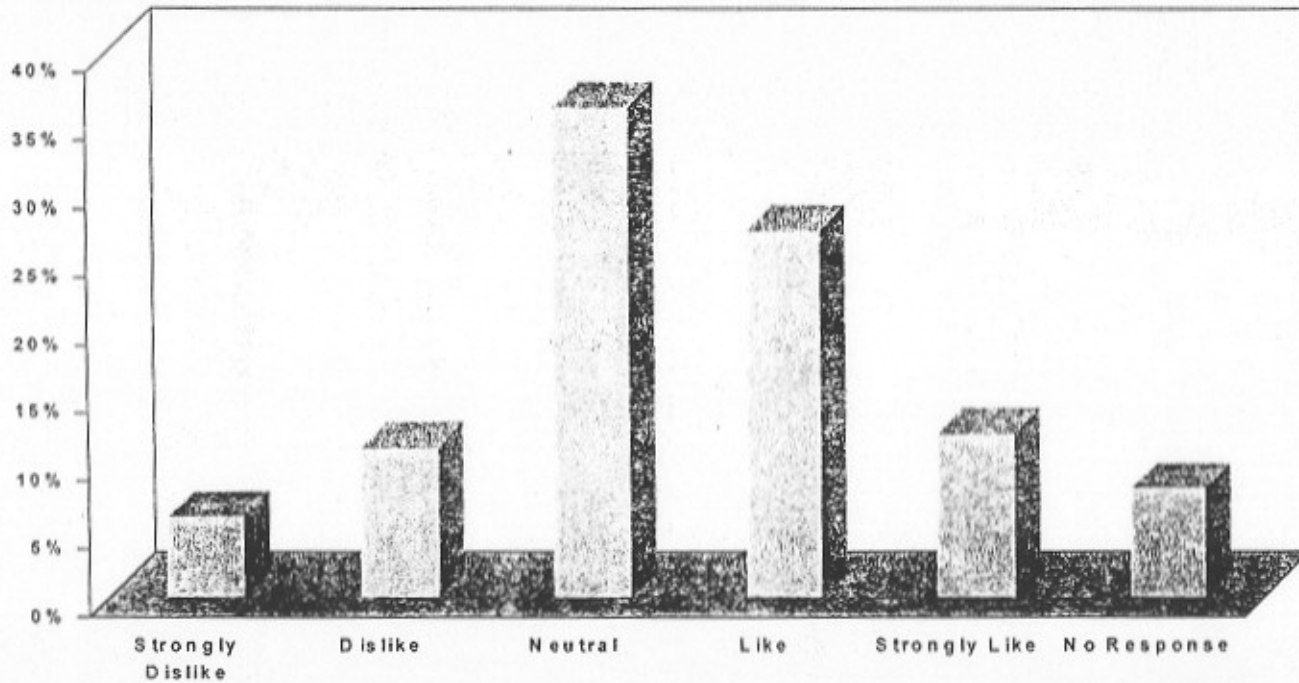




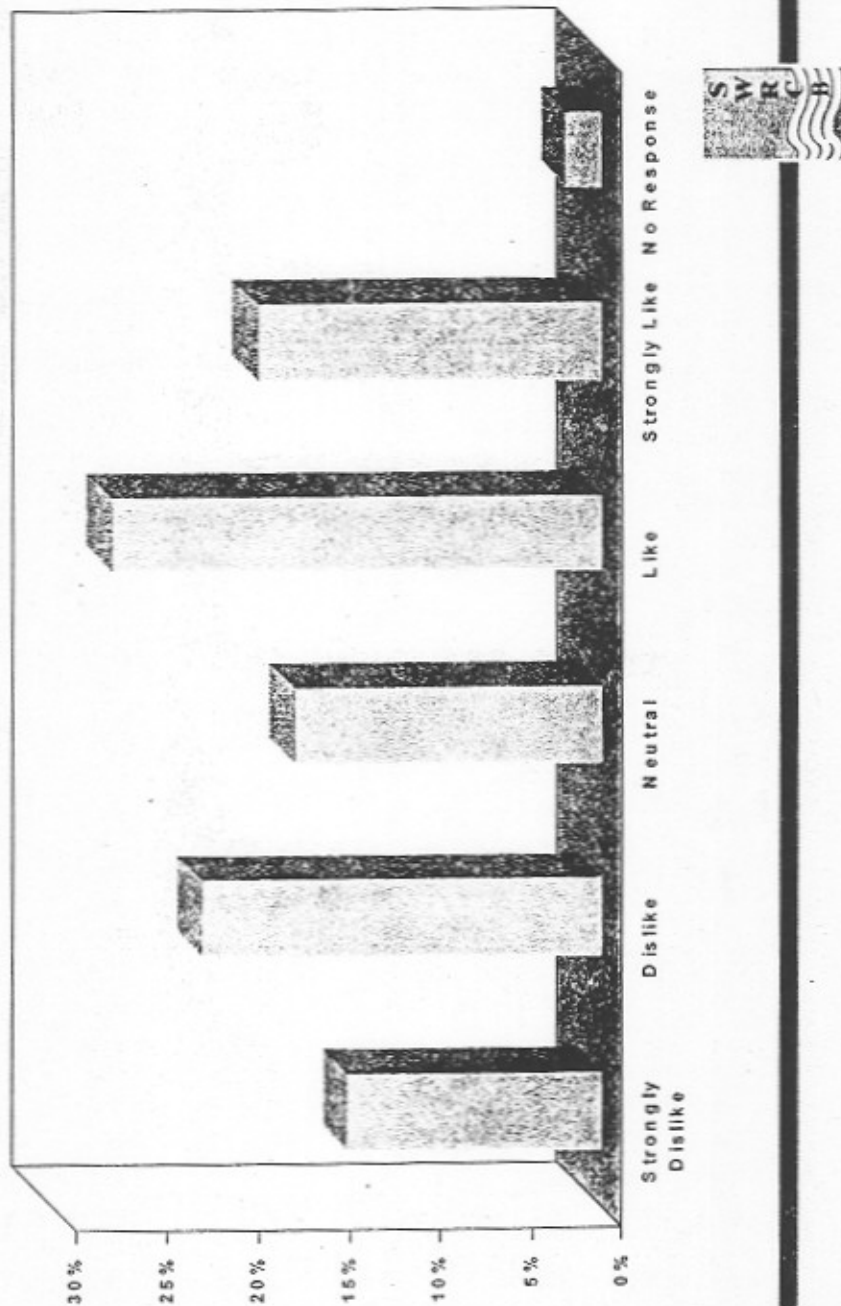
10) How do you feel about permit fees that are based on a flow or volume component?



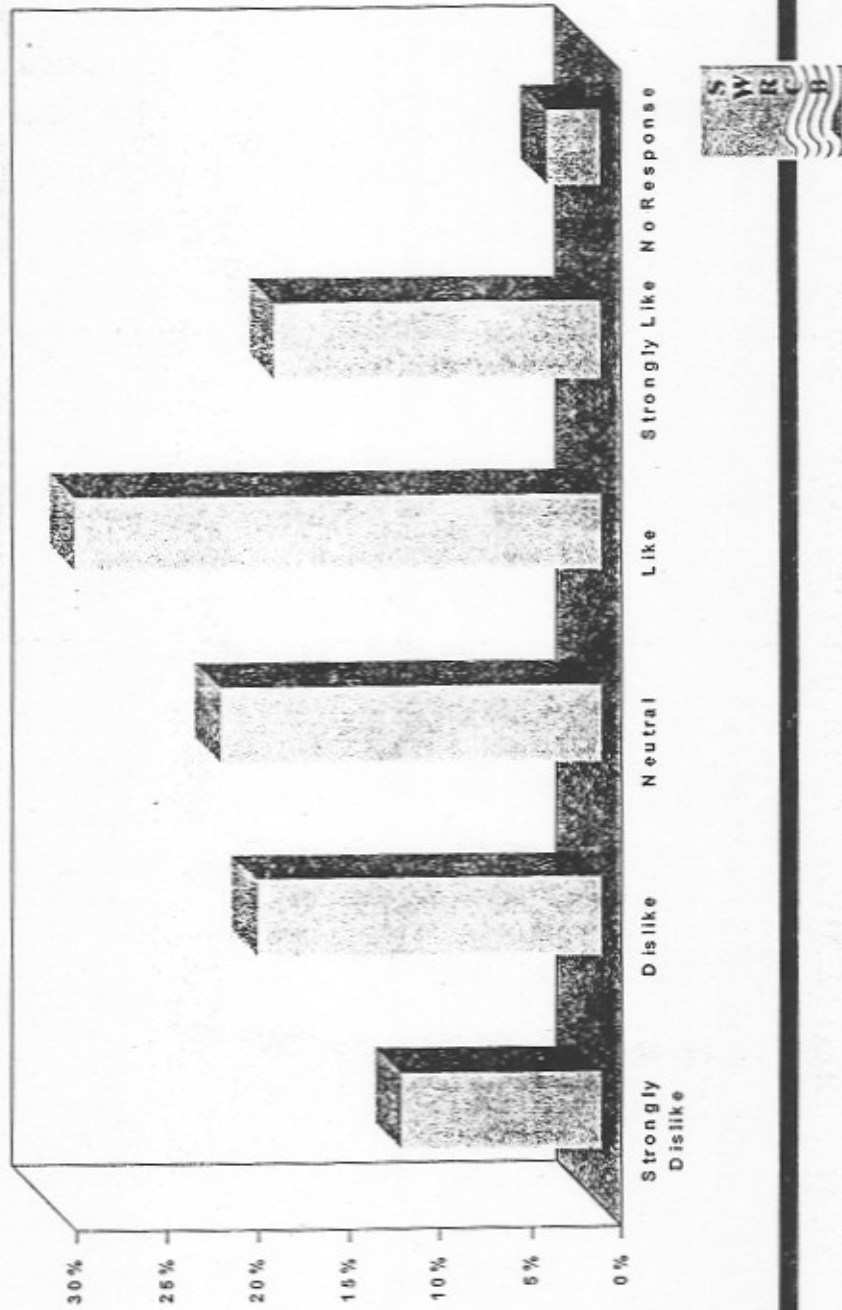
11) For confined animal facilities, how do you feel about permit fees that are based on the number of animals for which a permit is issued?



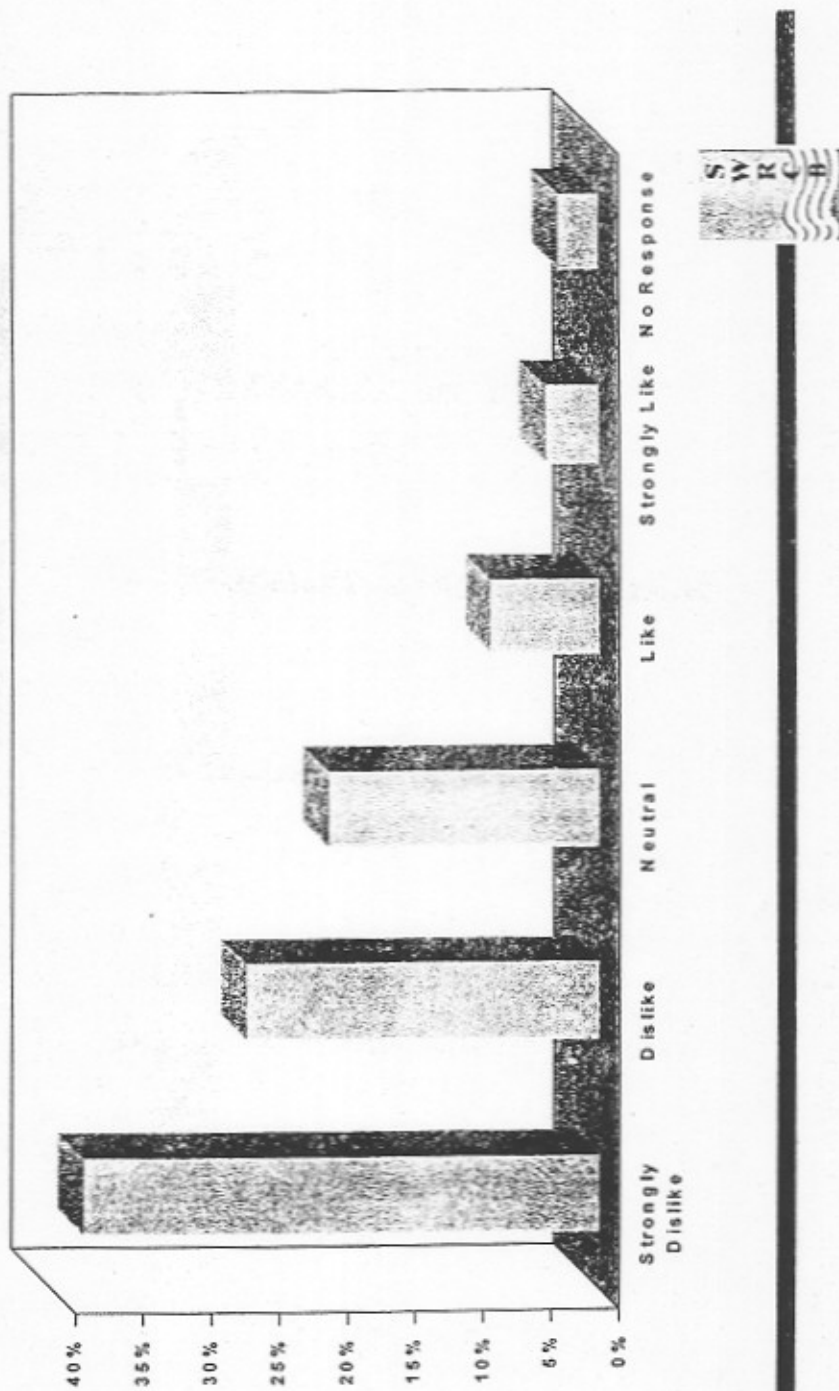
12) How do you feel about permit fees that are based on a discharge's threat to water quality?



13) How do you feel about permit fees that are based on the number/type of pollutants in the discharge?

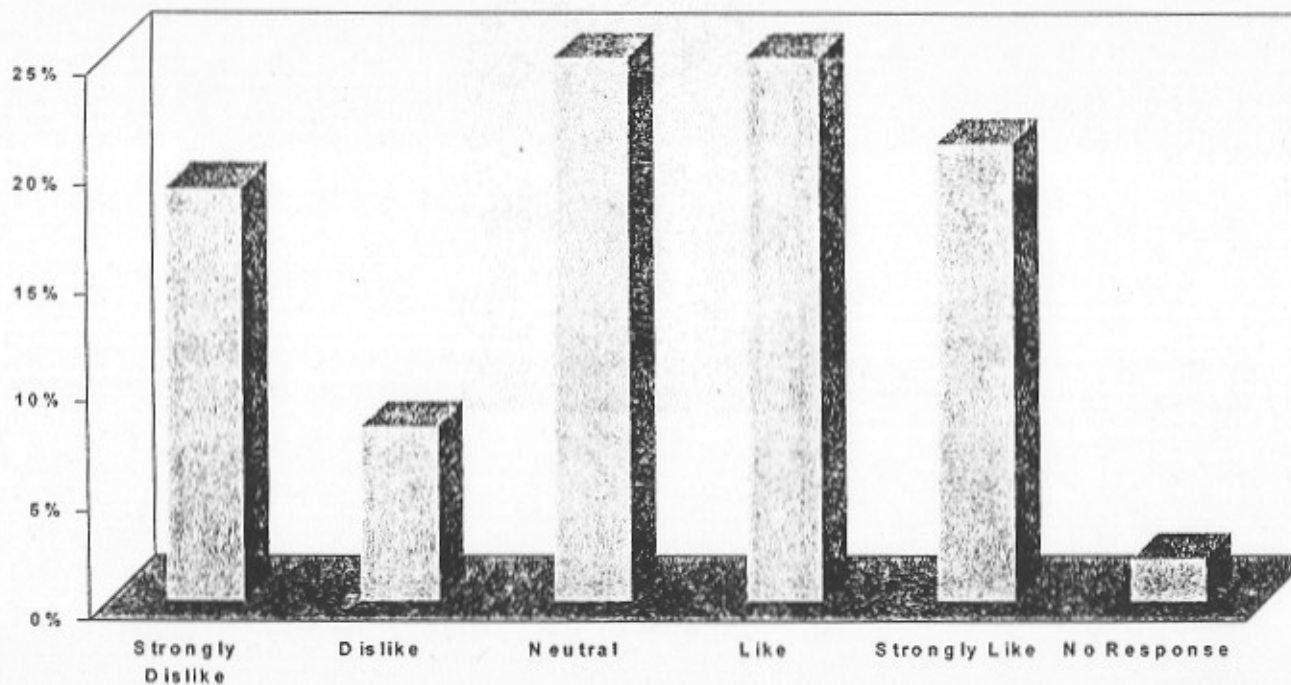


14) How do you feel about permit fees that are based on the size (annual revenue) of an industry?





15) How do you feel about a system of fees that are based on cost recovery where permit holders are billed for the actual costs?



***Appendix B***

***Focus Group Participants  
and Results***

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**State Water Resources Control Board**  
**Focus Group One**  
**June 13, 2000**

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*Focus Group Subject:* SWRCB Core Regulatory Programs Fee Structure Review

*Participants:* David Arrieta, David E. Bolland, Karen A. Keene, Marilyn Sarantis, Yvonne Hunter, Bobbi Larson, Pat Netsch, Valerie Neva

*Facilitators:* Farnum Alston, Jake Boomhouwer, Dave Schwartz

*Introduction:* Farnum explained the process and purpose of the meeting. Dave described the programs involved and the current fee schedule. Participants received written material on the information discussed.

*Survey Results:* Jake summarized the results of a random survey that was completed by approximately 120 participants. Focus group participants received a copy of the survey results.

*Discussion:*

- Highest priority is an equitable fee structure – It needs to be “cost based” with a fee cap that reflects costs.
- An equitable fee for cost of providing service – Identify who is not paying fees: stormwater sewer, land – point/non-point – assure that the fee burden is not all passed on to point source fee payers
- How to manage non-point source impact. It is a major contributor to pollution
- CAP compaction
- The key objective in any fee structure should be “how to make Water Quality better” ... not just generating fees. SWRCB does not have a vision for water quality across the state
- The need to use incentives to reduce pollution and get discharger participation
- Regional Water Boards and SWRCB do not have well trained staff; often quality of service is more important than the cost of fees to dischargers– our time is money - Good Science is missing from SWRCB and Regional Boards
- Keep it simple – whatever the fee system design
- Do not make it a “No polluter Pays” approach. It needs to be “fair share” – even the public is a discharger
- The current SWRCB is just taking the easy route to enforcement
- Board has no vision of water quality that is driving the fee program
- Question of quality of staff; Need some organizational improvements in regional boards and headquarters
- There is a Permit backlog and people are rushing permits through
- Equity issue
- We need a Quality Process – Reasonable Timelines/Turnaround
- There needs to be a “Systems” approach to a fee structure
- The State needs to “pony up” resources – there needs to be a willingness to pay for good science – It is missing now. The quality of Board services are low
- An incentive based water shed system is needed

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**State Water Resources Control Board**  
**Focus Group One**  
**June 13, 2000**

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- There is a need to look at the Federal direction vs the State needs and direction. The feds are driving too much of the approach. It is insensitive to our local needs
- The current system needs to deal with the equity issue – appropriate levels/categories
- Our real costs are in implementing the permit (arbitrary decisions by regions); involves legal and technical assistance and this costs us money
- The cost of permits is low compared to our other costs. If we had an effective system we would be willing to pay more as it would save us the other costs.
- Approach as a partnership/collaboration
- Fees System needs to be cost-based and simplified
- I said no in the survey on the COLA question but – if fee system and costs are reasonable and the service there then – Yes
- Fees need to be linked to real, reasonable Costs and SWRCB effectiveness
- Caps are too low in many cases; causes fee compaction (LA and Caltrans are examples)
- There must be a pledge/commitment by the Board to deal with the poor quality of the current programs and services if the fees are to be (supported) raised
- Separate the permit program from enforcement program in a fee structure
- No need to charge higher fees for violators – They are already penalized adequately under current system
- 401 Permit Process – just means extra work. Many of the permit requirements under this law that mean SWRCB review are minor issues. Duplication of effort (survey Federal/State activities)
- Forums like this are excellent and needed – excellent meeting
- Incentives – environmental impact
- Flow/Volume substitute for other more complex indicators of environmental impact
- A high standard of Water Quality should be the SWRCB goal – currently it is not. The fees seem to be the focus and just getting revenues
- Remove “revenue” incentives from the system
- Get rid of “Bounty Hunter Mentality”
- Set up a structure/process that goes after the real water quality source of the problem – not deep pockets
- Other sources of pollutants out there – don’t make us the surrogates
- Fixed Fees – predictability
- Variable Fees do not work for the discharger – argument factor – who is measuring what – also gets into efficiencies
- Longer term variable fees may be the way to go once the science is there
- Performance Measures for the program – what is happening in the water
- The Point/Nonpoint difference
- Local government fees based on cost (the state should follow the same guidelines)

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**State Water Resources Control Board  
Focus Group One  
June 13, 2000**

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- This type of meeting is critical to getting support for the fee restructuring
- Amnesty – Safe Harbor Program - We have a problem that we want to fix – how can we come into compliance – revolving fund to assist
- Cost Recovery – Our concern is that it becomes self perpetuating – a police approach
- General funded as opposed to fee funded
- A system that is Watershed Based

**Pros of Meeting**

- Open Discussion
- Size of Group
- Materials were helpful (better to have before the meeting)
- Subject Matter
- Facilitation
- Facilitators very knowledgeable about

**Suggestions**

- Low fat doughnuts / Coffee
- SWRCB needs to give us cost data
- Administrative staff not just financial staff
- Done this before – will there be follow-up



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**State Water Resources Control Board**  
**Focus Group Two**  
**June 14, 2000**

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*Focus Group Subject:* SWRCB Core Regulatory Programs Fee Structure Review

*Participants:* Pat Blacklock, Gary Conover, Tess Dunham, Brad Luckey, Kathy Mannion, Paul Martin, Matt Tennis

*Facilitators:* Farnum Alston, Jake Boomhouwer, Dave Schwartz

*Introduction:* Farnum explained the process and purpose of the meeting. Dave described the programs involved and the current fee schedule. Participants received written material on the information discussed.

*Survey Results:* Jake summarized the results of a random survey that was completed by approximately 120 participants. Focus group participants received a copy of the survey results.

*Issues/Questions:*

- ❖ Should Agriculture be exempt from fees?
- ❖ Agriculture is impacted by the following SWRCB program components
  - 401
  - Non-15
- ❖ Equity
  - Is there equity in Point and Nonpoint
  - Equity across all programs
  - Fee compaction
- ❖ California Association of Nurserymen should be included in future focus groups
- ❖ 1000 Animal unit an issue; particularly in California. It is a federal standard that disadvantages Cal Agri due to the large size of Cal Agri operations
- ❖ Financial aid is needed -
  - A State Revolving Fund – low interest loans ?
- ❖ About 2100 Grade A Dairies – 50% are 1000 animal unit operations
- ❖ Mismanagement and accidents are issues in this field not intentional program abuse

*Discussion:*

- What is the Board spending the current fees; how is the program being administered; what is it costing to run the program and is it effective ?
- Fees need to be tied to costs
- Water quality needs to be the SWRCB program driver
- Need for additional fees may be different than the need to recover costs
- Needs assessment is a big part of any fee program

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**State Water Resources Control Board**  
**Focus Group Two**  
**June 14, 2000**

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- Agriculture (Dairies) looking for "safe harbors"
  - Keep costs to a necessary minimum
  - Immune from additional prosecution
  - Yet meeting safe water act requirements
  - Need less and less enforcement over time
  - Bigger is better – Agri Dairy is modern industry
  - More and more larger operations in the future
  - Would you support an annual fee if it gave you a safe harbor. YES In theory it makes sense to have a yearly fee if it provides added value and a safe harbor
  - Fairness and compaction – does a 150 unit pay as much as a larger unit?
  - Definition of confined units
- Concerned about the "Potential" Issue being imposed by the Feds to California because of regional differences
- Size not necessarily correlated to problems, In fact size may mean fewer problems.
- CAFO – Feedlot numbers have dwindled / 20 +/-
  - Imperial Valley – processing
  - They would be resistant to annual fees as they are marginal operations
- Range Land Industry – (RPWQM Plan ) -1 million acres in program now
  - Water quality management plan has been self initiated
  - One more fee may push them over the edge
- Poultry
  - Primary concerns – safe harbor – no need to get into a program – NPDES?
  - Looking for an exemption when an entity is not a discharger
  - They are definitely not dischargers
- Do not want to develop the same type of fee program for all geographic areas - distribution of Dairy industry is important – Transportation costs / freshness of product are issues
- Production Agriculture
  - Dry feed operations (484K acres in prod)
  - TMDL concern
  - No ground water – no real issues
  - Most of the "stuff" is not currently applicable
  - Trend seem to be to regulate agriculture out of business
  - Not educating the public enough as to where the food comes from
  - Tremendous difference in geographic issues across the state

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**State Water Resources Control Board  
Focus Group Two  
June 14, 2000**

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- Production/Irrigation Agriculture
  - Much time, effort and money has gone into Point Source and now all eyes are now on Non-Point Source
  - Non-Point - Difficult area to get your hands around
  - Non-Point Source is universal – land management is the key not regulation
  - Funds (loans and grants) are drying up for the Non-Point Source
  - Quite of few water bodies are listed but not monitored
- Non-Point Source pollution is a public (everyone's) problem
- Application of COLA
  - What about an Agri cola (A "Reverse" COLA)
  - Should be changed to CPI not COLA
- Core SWRCB Fees
  - Current Board Structure segregates fees by program
  - Many overlaps in SWRCB programs – Lack of cost efficiency
- "Fine" Strategy is currently negotiated at the Regional Board level
- Fee caps
  - Yes – There should absolutely be a CAP
  - Hard to say to raise it now with out cost data
  - Show me the cost benefit
  - Why fund the whole watch dog program – we are making cops out of regulators
  - Agriculture is not able to pass on the cost of fees as other industries do
- Cost Recovery
  - There is a problem with this as it leads to a "Police" approach issue
- Agri / SWRCB relationship needs to be collaborative
- We need Incentives to protect water quality...
  - If I do a good job, do I get money back
  - Lower fees for good compliance
  - Dollars and funds to support to Non-Point Source programs
- Public Perceptions – the newspaper is driving this – is negative against Agri
- What is the problem with the existing system and what is the question we are trying to address?
- We don't want the Feds to take over – Solution is to make the State program a viable one

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**State Water Resources Control Board**  
**Focus Group Three**  
**June 13, 2000**

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*Focus Group Subject:* SWRCB Core Regulatory Programs Fee Structure Review

*Participants:* Melinda Marks, Armand Ruby, Linda Sheehan, Chuck White

*Facilitators:* Farnum Alston, Jake Boomhouwer, Dave Schwartz

*Introduction:* Farnum A, explained the process, purpose of the meeting and led discussion.

Dave S. described the SWRCB Core programs and the current fee schedule.

Participants received written material on the information discussed, the survey and a list of participants at all sessions.

*Survey Results:* Jake B. summarized the results of a random survey that was completed by approximately 120 participants. Focus group participants received a copy of the survey results graphics.

*Issues/Questions*

- ❖ Financial support is needed to assure economic viability and educational efforts. Funding support has been going down
- ❖ Equity - The need to address the Co-Grantee issue / LA and CalTrans for example should pay additional fees based on their area-wide permits
- ❖ There is a critical need for cost data. How can we develop a fee strategy with out cost data to tell us what real costs are now and what they will be under different options
- ❖ Current fees are not based on "cost" now. What are they based on?
- ❖ Inconsistent Board regulatory actions at all levels and at regional levels – very different enforcement and support
- ❖ Water code was intentionally inconsistent to address specific geographic issues in the differences in the water sheds and different environmental needs
- ❖ \$1 fee Per Capita to cover non-point source such as public discharges, stormwater, agri etc. costs (include on bill?)
- ❖ We need to define "Who are the polluters" – It is everyone at some level - the public also?
- ❖ Not enough guidance at State level on implementation
- ❖ The current level of support is low quality – level of science is poor

*Discussion:*

- We need to be very clear about the actual program costs (current and future) and components; who is paying for what and what are we getting for our licenses and fees
- Fee for service – We need some equitable services for the fees paid
- There are current inequities in the system – Major Regional differences
- Stormwater Managers in the Bay Area get a lot of support and service from the Board, while managers in the Central Valley are ignored (pay for "silence")



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**State Water Resources Control Board**  
**Focus Group Three**  
**June 13, 2000**

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- Cost of performance
- Reports sit on a shelf – no feedback or follow-up to us as licensed organizations in the Central Valley
- There is a need for a collaborative relationship between licensees and Board – now it is adversarial.
- One way to translate a fee (CAP = PY) is to translate it into a personnel year and then measure the level of “support” as a PY?
- Need to recognize that the historical fees were driven by political whims not logic
- Fees in a perfect world versus reality
- Some of the costs need to be paid by the citizens – if polluter pays we are all polluters
- Under a fee system there should be no one class for all dischargers – divided into categories (landfill, TMDL, etc.)
- Break down within the classes of waste – sliding scale fee for “Threat to Water Quality”
- Current system does not make sense
- Cover cost of Program
- Value for fee
- There is a need for a strong program that protects water quality as the key objective
- We require assistance and support and should get it for the fees we pay
- Permit structure needs to be straight forward so people will know what they are paying for – It also needs to be able to be communicated to the legislature and the public
- Flat Fee for 5 years may be politically correct way to use a COLA
- We suggest a CIP / COLA – with a 5 year adjustment
- There is a need to make a “Program case” for fees – costs need to be justified on a level of service basis
- Permit costs should address “Threat” issue
- Costs need to reflect the amount of time of it takes to provide certain services
- A basic cost per type of discharge is another approach
- Have a baseline set of costs (reports) and then additional fees based on enforcement actions
- Cost Recovery – add possible clean up costs and abatement
- The current basic fee is too low
- There is a need to use incentives
- Violations are effective for public agencies – name in the paper
- How do permit fees affect violations (budget issues)
- Need some sort of enforcement costs built into fee
- Have the CAP apply to the basic Permit Fee, not on variable cost aspects
- Department of Toxics – permit activity fee
- Increase in fee would be ok - if there are also clearly defined program costs tied to the increase and additional support / staffing to provide needed level of services



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**State Water Resources Control Board**  
**Focus Group Three**  
**June 13, 2000**

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- Have a sliding scale for different water bodies
  - Receiving body
  - Volume of discharges
  - Concentration of discharges
- What does the current program cost the State – that should be what the fee should be based on – if the costs reflect reasonable costs
- Cost linked to Environmental Impact
- The \$10,000 cap is not adequate in many areas (SF, LA, etc) for some clients. Getting some the services required
- The \$10,000 cap is not adequate in many areas (SF, LA, etc) for some clients. Getting some the services required
- Start up costs – should the public pay for development costs of new programs – shared or general fund
- Fees on Watershed basis
- Different classes – point source – non-point source

**Pros of Meeting**

- Survey
- Built on discussion
- Facilitation was excellent
- Process to get people to talk was good – going around room
- Materials
- Numbers of people / representation

**Suggestions**

- Critical need to get Cost Data
- Highlight key issues in advance for next meeting

***Appendix C***

***Estimated Revenue of  
Core Regulatory Program  
Fee Structure Alternatives***

**Alternative #1**  
**Existing Core Regulatory Program Fee Revenue,**  
**1999-2000 Actual Billings**

Program / Rating	Fee Level	No. Fee Payers	Fee Revenue
<b>NPDES Permit</b>			
I-a	10,000	185	\$1,850,000
I-b	7,000	20	140,000
I-c	5,500	58	319,000
II-a	4,000	90	360,000
II-b	2,000	247	494,000
II-c	1,200	89	106,800
III-a	1,000	15	15,000
III-b	750	80	60,000
III-c	400	169	67,600
Areawide Stormwater	10,000	17	170,000
Areawide Stormwater	5,000	9	45,000
Ind./Constr. Stormwater	500	2,798	1,399,000
Ind./Constr. Stormwater	250	10,803	2,700,750
General Permits	250	1,241	310,250
Subtotal		15,821	8,037,400
<b>Non-Chapter 15 WDR</b>			
I-a	10,000	28	280,000
I-b	5,500	21	115,500
I-c	3,000	16	48,000
II-a	2,000	104	208,000
II-b	1,200	658	789,600
II-c	900	677	609,300
III-a	750	14	10,500
III-b	400	358	143,200
III-c	200	1,332	266,400
General Permits	250	484	121,000
Subtotal		3,692	2,591,500
<b>Chapter 15 WDR</b>			
I-a	10,000	44	440,000
I-b	7,500	65	487,500
I-c	6,000	109	654,000
II-a	5,000	30	150,000
II-b	4,000	165	660,000
II-c	3,000	130	390,000
III-a	2,000	20	40,000
III-b	1,500	109	163,500
III-c	750	181	135,750
General Permits	250	9	2,250
Subtotal		862	3,123,000
<b>Section 401 Certifications</b>			
Certifications Issued	10,000	32	320,000
Certifications Waived	500	1,070	535,000
Subtotal		1,102	855,000
<b>Total</b>		<b>21,477</b>	<b>\$14,606,900</b>

**Alternative #2**  
**Estimated Core Regulatory Program Fee Revenue,**  
**Based on 1999-2000 Actual Dischargers**

Program / Rating	Fee Level	No. Fee Payers	Fee Revenue
<b>NPDES Permit</b>			
I-a	20,000	185	\$3,700,000
I-b	14,000	20	280,000
I-c	11,000	58	638,000
II-a	8,000	90	720,000
II-b	4,000	247	988,000
II-c	2,400	89	213,600
III-a	2,000	15	30,000
III-b	1,500	80	120,000
III-c	800	169	135,200
Areawide Stormwater	20,000	17	340,000
Areawide Stormwater	10,000	9	90,000
Ind./Constr. Stormwater	1,000	2,798	2,798,000
Ind./Constr. Stormwater	500	10,803	5,401,500
General Permits	500	1,241	620,500
Subtotal		15,821	16,074,800
<b>Non-Chapter 15 WDR</b>			
I-a	20,000	28	560,000
I-b	11,000	21	231,000
I-c	6,000	16	96,000
II-a	4,000	104	416,000
II-b	2,400	658	1,579,200
II-c	1,800	677	1,218,600
III-a	1,500	14	21,000
III-b	800	358	286,400
III-c	400	1,332	532,800
General Permits	500	484	242,000
Subtotal		3,692	5,183,000
<b>Chapter 15 WDR</b>			
I-a	20,000	44	880,000
I-b	15,000	65	975,000
I-c	12,000	109	1,308,000
II-a	10,000	30	300,000
II-b	8,000	165	1,320,000
II-c	6,000	130	780,000
III-a	4,000	20	80,000
III-b	3,000	109	327,000
III-c	1,500	181	271,500
General Permits	500	9	4,500
Subtotal		862	6,246,000
<b>Section 401 Certifications</b>			
Certifications Issued	20,000	32	640,000
Certifications Waived	1,000	1,070	1,070,000
Subtotal		1,102	1,710,000
<b>Total</b>		<b>21,477</b>	<b>\$29,213,800</b>

**Alternative #3**  
**Estimated Core Regulatory Program Fee Revenue,**  
**Based on 1999-2000 Projected Dischargers**

Program / Rating	Fee Level	No. Fee Payers	Fee Revenue
<b>NPDES Permit</b>			
I-a	20,000	185	\$3,700,000
I-b	14,000	20	280,000
I-c	11,000	58	638,000
II-a	8,000	90	720,000
II-b	4,000	1,027	4,108,000
II-c	2,400	89	213,600
III-a	2,000	15	30,000
III-b	1,500	80	120,000
III-c	800	169	135,200
MS4 (>1,000k pop.)	40,000	9	360,000
MS4 (500k<1,000k pop.)	30,000	2	60,000
MS4 (200k<500k pop.)	20,000	6	120,000
MS4 (100k<200k pop.)	15,000	4	60,000
MS4 (<100k pop.)	10,000	5	50,000
Ind./Constr. Stormwater	1,000	2,798	2,798,000
Ind./Constr. Stormwater	500	10,803	5,401,500
General Permits	500	1,241	620,500
Co-permittee Surcharge	varies	291	878,502
Subtotal		16,892	20,293,302
<b>Non-Chapter 15 WDR</b>			
I-a	20,000	28	560,000
I-b	11,000	21	231,000
I-c	6,000	16	96,000
II-a	4,000	104	416,000
II-b	2,400	658	1,579,200
II-c	1,800	677	1,218,600
III-a	1,500	14	21,000
III-b	800	358	286,400
III-c	400	1,332	532,800
General Permits	500	484	242,000
Subtotal		3,692	5,183,000
<b>Chapter 15 WDR</b>			
I-a	20,000	44	880,000
I-b	15,000	65	975,000
I-c	12,000	109	1,308,000
II-a	10,000	30	300,000
II-b	8,000	165	1,320,000
II-c	6,000	130	780,000
III-a	4,000	20	80,000
III-b	3,000	109	327,000
III-c	1,500	181	271,500
General Permits	500	9	4,500
Subtotal		862	6,246,000
<b>Section 401 Certifications</b>			
Certifications Issued	20,000	32	640,000
Certifications Waived	1,000	1,070	1,070,000
Subtotal		1,102	1,710,000
<b>Late Fees &amp; Charges</b>	250	1,127	281,850
<b>Total</b>		<b>23,675</b>	<b>\$33,432,302</b>



**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			Ren.	One-Time Charges				Ann. Adj. Factor	
	New	Mod.	Ren.		Application		Modification			
					Fee	Revenue	Fee	Revenue		
<b>NPDES Permit</b>										
Wastewater I-a (>25 mgd)	0	0	0	57	10,000	0	7,500	0	1.00%	
Wastewater I-a (5-25 mgd)	0	0	0	78	10,000	0	7,500	0	1.00%	
Wastewater I-a (<5 mgd)	0	0	0	114	10,000	0	7,500	0	1.00%	
Wastewater I-b (>25 mgd)	0	0	0	0	10,000	0	7,500	0	1.00%	
Wastewater I-b (5-25 mgd)	0	0	0	2	10,000	0	7,500	0	1.00%	
Wastewater I-b (<5 mgd)	0	0	0	15	10,000	0	7,500	0	1.00%	
Wastewater I-c (>25 mgd)	0	0	0	0	10,000	0	7,500	0	1.00%	
Wastewater I-c (5-25 mgd)	0	0	0	1	10,000	0	7,500	0	1.00%	
Wastewater I-c (<5 mgd)	0	0	0	8	10,000	0	7,500	0	1.00%	
Wastewater II-a (>25 mgd)	0	0	0	3	5,000	0	3,750	0	1.00%	
Wastewater II-a (5-25 mgd)	0	0	0	21	5,000	0	3,750	0	1.00%	
Wastewater II-a (<5 mgd)	0	0	0	92	5,000	0	3,750	0	1.00%	
Wastewater II-b (>25 mgd)	0	0	0	6	5,000	0	3,750	0	1.00%	
Wastewater II-b (5-25 mgd)	0	0	0	13	5,000	0	3,750	0	1.00%	
Wastewater II-b (<5 mgd)	0	3	444	0	5,000	0	3,750	0	1.00%	
Wastewater II-c (>25 mgd)	0	0	0	0	5,000	0	3,750	0	1.00%	
Wastewater II-c (5-25 mgd)	0	0	0	11	5,000	0	3,750	0	1.00%	
Wastewater II-c (<5 mgd)	0	129	478	0	5,000	0	3,750	0	1.00%	
Wastewater III-a (>25 mgd)	0	0	0	0	2,000	0	1,500	0	1.00%	
Wastewater III-a (5-25 mgd)	0	0	0	1	2,000	0	1,500	0	1.00%	
Wastewater III-a (<5 mgd)	0	0	0	206	2,000	0	1,500	0	1.00%	
Wastewater III-b (>25 mgd)	0	0	0	1	2,000	0	1,500	0	1.00%	
Wastewater III-b (5-25 mgd)	0	0	0	3	2,000	0	1,500	0	1.00%	
Wastewater III-b (<5 mgd)	0	0	0	116	2,000	0	1,500	0	1.00%	
Wastewater III-c (>25 mgd)	0	0	0	5	2,000	0	1,500	0	1.00%	
Wastewater III-c (5-25 mgd)	0	0	0	30	2,000	0	1,500	0	1.00%	
Wastewater III-c (<5 mgd)	0	11	635	0	2,000	0	1,500	0	1.00%	
MS4 (>1,000K pop.)	0	0	0	10	20,000	0	15,000	0	1.00%	
MS4 (500k<1,000K pop.)	0	0	0	2	15,000	0	11,250	0	1.00%	
MS4 (200k<500K pop.)	0	0	0	5	10,000	0	7,500	0	1.00%	
MS4 (100k<200K pop.)	0	0	0	4	7,500	0	5,625	0	1.00%	
MS4 (<100K pop.)	0	0	0	5	5,000	0	3,750	0	1.00%	
Co-permittees	0	291	0	0	varies	0	varies	0	1.00%	
Ind./Constr. Stormwater	0	0	0	2,798	2,000	0	1,500	0	1.00%	
Ind./Constr. Stormwater	0	0	0	10,803	1,000	0	750	0	1.00%	
Large CAFO (new)	780	0	0	780	2,000	1,560,000	1,500	1,170,000	1.00%	
General Permits	0	0	0	1,241	1,000	0	750	0	1.00%	
Subtotal	780	434	17,988			1,560,000		1,170,000		

**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			One-Time Charges				Ann. Adj. Factor
	New	Mod.	Ren.	Application		Modification		
				Fee	Revenue	Fee	Revenue	
<b>Section 401 Certifications</b>								
Certifications Issued	0	0	32	5,000	0	3,750	0	1.00%
Certifications Waived	0	0	1,070	1,000	0	750	0	1.00%
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>1,102</b>		<b>0</b>		<b>0</b>	
<b>Non-Chapter 15 WDR</b>								
Wastewater I-a (>25 mgd)	0	0	4	10,000	0	7,500	0	1.00%
Wastewater I-a (5-25 mgd)	0	0	13	10,000	0	7,500	0	1.00%
Wastewater I-a (<5 mgd)	0	0	34	10,000	0	7,500	0	1.00%
Wastewater I-b (>25 mgd)	0	0	0	10,000	0	7,500	0	1.00%
Wastewater I-b (5-25 mgd)	0	0	4	10,000	0	7,500	0	1.00%
Wastewater I-b (<5 mgd)	0	0	24	10,000	0	7,500	0	1.00%
Wastewater I-c (>25 mgd)	0	0	2	10,000	0	7,500	0	1.00%
Wastewater I-c (5-25 mgd)	0	0	0	10,000	0	7,500	0	1.00%
Wastewater I-c (<5 mgd)	0	153	265	10,000	0	7,500	0	1.00%
Wastewater II-a (>25 mgd)	0	0	2	5,000	0	3,750	0	1.00%
Wastewater II-a (5-25 mgd)	0	0	12	5,000	0	3,750	0	1.00%
Wastewater II-a (<5 mgd)	0	5	114	5,000	0	3,750	0	1.00%
Wastewater II-b (>25 mgd)	0	0	1	5,000	0	3,750	0	1.00%
Wastewater II-b (5-25 mgd)	0	0	6	5,000	0	3,750	0	1.00%
Wastewater II-b (<5 mgd)	0	21	874	5,000	0	3,750	0	1.00%
Wastewater II-c (>25 mgd)	0	0	0	5,000	0	3,750	0	1.00%
Wastewater II-c (5-25 mgd)	0	0	4	5,000	0	3,750	0	1.00%
Wastewater II-c (<5 mgd)	0	66	427	5,000	0	3,750	0	1.00%
Wastewater III-a (>25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-a (5-25 mgd)	0	0	1	2,000	0	1,500	0	1.00%
Wastewater III-a (<5 mgd)	0	0	24	2,000	0	1,500	0	1.00%
Wastewater III-b (>25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-b (5-25 mgd)	0	0	3	2,000	0	1,500	0	1.00%
Wastewater III-b (<5 mgd)	0	3	427	2,000	0	1,500	0	1.00%
Wastewater III-c (>25 mgd)	0	0	2	2,000	0	1,500	0	1.00%
Wastewater III-c (5-25 mgd)	0	0	9	2,000	0	1,500	0	1.00%
Wastewater III-c (<5 mgd)	0	39	1,356	2,000	0	1,500	0	1.00%
<b>General Permits</b>	<b>0</b>	<b>0</b>	<b>484</b>	<b>1,000</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>1.00%</b>
<b>Subtotal</b>	<b>0</b>	<b>287</b>	<b>4,092</b>		<b>0</b>		<b>0</b>	

**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			One-Time Charges				Ann. Adj. Factor
	New	Mod.	Ren.	Application		Modification		
				Fee	Revenue	Fee	Revenue	
<b>Chapter 15 WDR</b>								
Wastewater I-a (>25 mgd)	0	0	0	10,000	0	7,500	0	1.00%
Wastewater I-a (5-25 mgd)	0	0	1	10,000	0	7,500	0	1.00%
Wastewater I-a (<5 mgd)	0	0	84	10,000	0	7,500	0	1.00%
Wastewater I-b (>25 mgd)	0	0	0	10,000	0	7,500	0	1.00%
Wastewater I-b (5-25 mgd)	0	0	0	10,000	0	7,500	0	1.00%
Wastewater I-b (<5 mgd)	0	0	180	10,000	0	7,500	0	1.00%
Wastewater I-c (>25 mgd)	0	0	0	10,000	0	7,500	0	1.00%
Wastewater I-c (5-25 mgd)	0	0	0	10,000	0	7,500	0	1.00%
Wastewater I-c (<5 mgd)	0	0	4	10,000	0	7,500	0	1.00%
Wastewater II-a (>25 mgd)	0	0	0	5,000	0	3,750	0	1.00%
Wastewater II-a (5-25 mgd)	0	0	0	5,000	0	3,750	0	1.00%
Wastewater II-a (5 mgd)	0	0	48	5,000	0	3,750	0	1.00%
Wastewater II-b (>25 mgd)	0	0	1	5,000	0	3,750	0	1.00%
Wastewater II-b (5-25 mgd)	0	0	0	5,000	0	3,750	0	1.00%
Wastewater II-b (<5 mgd)	0	0	294	5,000	0	3,750	0	1.00%
Wastewater II-c (>25 mgd)	0	0	0	5,000	0	3,750	0	1.00%
Wastewater II-c (5-25 mgd)	0	0	0	5,000	0	3,750	0	1.00%
Wastewater II-c (<5 mgd)	0	0	31	5,000	0	3,750	0	1.00%
Wastewater III-a (>25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-a (5-25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-a (<5 mgd)	0	0	22	2,000	0	1,500	0	1.00%
Wastewater III-b (>25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-b (5-25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-b (<5 mgd)	0	0	192	2,000	0	1,500	0	1.00%
Wastewater III-c (>25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-c (5-25 mgd)	0	0	0	2,000	0	1,500	0	1.00%
Wastewater III-c (<5 mgd)	0	0	225	2,000	0	1,500	0	1.00%
Landfill (w/o liners)	0	269	269	5,000	0	3,750	0	1.00%
Landfill (w/ liners)	0	30	30	5,000	0	3,750	0	1.00%
General Permits	0	0	9	1,000	0	750	0	1.00%
Subtotal	0	299	1,390		0		0	
<b>Late Fees &amp; Charges</b>								
<b>Total</b>	<b>780</b>	<b>1,020</b>	<b>24,572</b>		<b>1,560,000</b>		<b>1,170,000</b>	

**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			Flow/Volume			Annual Charges			Compliance	
	New	Mod.	Ren.	Fee	Revenue	Fee	Revenue	Fee	Revenue	Fee	Revenue
<b>NPDES Permit</b>											
Wastewater I-a (>25 mgd)	0	0	57	30,000	1,710,000	10,000	570,000	7,500	427,500		
Wastewater I-a (5-25 mgd)	0	0	78	15,000	1,170,000	10,000	780,000	7,500	585,000		
Wastewater I-a (<5 mgd)	0	0	114	2,500	285,000	10,000	1,140,000	7,500	855,000		
Wastewater I-b (>25 mgd)	0	0	0	30,000	0	10,000	0	5,000	0		
Wastewater I-b (5-25 mgd)	0	0	2	15,000	30,000	10,000	20,000	5,000	10,000		
Wastewater I-b (<5 mgd)	0	0	15	2,500	37,500	10,000	150,000	5,000	75,000		
Wastewater I-c (>25 mgd)	0	0	0	30,000	0	10,000	0	2,500	0		
Wastewater I-c (5-25 mgd)	0	0	1	15,000	15,000	10,000	10,000	2,500	2,500		
Wastewater I-c (<5 mgd)	0	0	8	2,500	20,000	10,000	80,000	2,500	20,000		
Wastewater II-a (>25 mgd)	0	0	3	15,000	45,000	2,500	7,500	3,750	11,250		
Wastewater II-a (5-25 mgd)	0	0	21	7,500	157,500	2,500	52,500	3,750	78,750		
Wastewater II-a (<5 mgd)	0	0	92	1,250	115,000	2,500	230,000	3,750	345,000		
Wastewater II-b (>25 mgd)	0	0	6	15,000	90,000	2,500	15,000	2,500	15,000		
Wastewater II-b (5-25 mgd)	0	0	13	7,500	97,500	2,500	32,500	2,500	32,500		
Wastewater II-b (<5 mgd)	0	3	444	1,250	555,000	2,500	1,110,000	2,500	1,110,000		
Wastewater II-c (>25 mgd)	0	0	0	15,000	0	2,500	0	1,250	0		
Wastewater II-c (5-25 mgd)	0	0	11	7,500	82,500	2,500	27,500	1,250	13,750		
Wastewater II-c (<5 mgd)	0	129	478	1,250	597,500	2,500	1,195,000	1,250	597,500		
Wastewater III-a (>25 mgd)	0	0	0	6,000	0	0	0	1,500	0		
Wastewater III-a (5-25 mgd)	0	0	1	3,000	3,000	0	0	1,500	1,500		
Wastewater III-a (<5 mgd)	0	0	206	500	103,000	0	0	1,500	309,000		
Wastewater III-b (>25 mgd)	0	0	1	6,000	6,000	0	0	1,500	1,500		
Wastewater III-b (5-25 mgd)	0	0	3	3,000	9,000	0	0	1,000	3,000		
Wastewater III-b (<5 mgd)	0	0	116	500	58,000	0	0	1,000	116,000		
Wastewater III-c (>25 mgd)	0	0	5	6,000	30,000	0	0	1,000	5,000		
Wastewater III-c (5-25 mgd)	0	0	30	3,000	90,000	0	0	500	15,000		
Wastewater III-c (<5 mgd)	0	11	635	500	317,500	0	0	500	317,500		
MS4 (>1,000K pop.)	0	0	10	20,000	200,000	20,000	200,000	20,000	200,000		
MS4 (500k-<1,000K pop.)	0	0	2	15,000	30,000	15,000	30,000	15,000	30,000		
MS4 (200k-<500K pop.)	0	0	5	10,000	50,000	10,000	50,000	10,000	50,000		
MS4 (100k-<200K pop.)	0	0	4	7,500	30,000	7,500	30,000	7,500	30,000		
MS4 (<100K pop.)	0	0	5	5,000	25,000	5,000	25,000	5,000	25,000		
Co-permittees	0	291	0	varies	401,250	varies	401,250	varies	401,250		
Ind./Constr. Stormwater	0	0	2,798	500	1,399,000	0	0	0	1,399,000		
Ind./Constr. Stormwater	0	0	10,803	250	2,700,750	0	0	250	2,700,750		
<b>Large CAFO (new)</b>	780	0	780	4,000	3,120,000	2,000	1,560,000	1,100	858,000		
<b>General Permits</b>	0	0	1,241	250	310,250	0	0	250	310,250		
<b>Subtotal</b>	780	434	17,988		13,890,250		7,716,250		10,951,500		



**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			Flow/Volume				Annual Charges			Compliance		
	New	Mod.	Ren.	Fee	Revenue	Fee	Revenue	Fee	Revenue	Fee	Revenue	Compliance	
												Fee	Revenue
<b>Section 401 Certifications</b>													
Certifications Issued	0	0	32	5,000	160,000	0	0	0	0	2,500	80,000		
Certifications Waived	0	0	1,070	1,000	1,070,000	0	0	0	0	250	267,500		
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>1,102</b>		<b>1,230,000</b>		<b>0</b>				<b>347,500</b>		
<b>Non-Chapter 15 WDR</b>													
Wastewater I-a (>25 mgd)	0	0	4	30,000	120,000	10,000	40,000	10,000	40,000	7,500	30,000		
Wastewater I-a (5-25 mgd)	0	0	13	15,000	195,000	10,000	130,000	10,000	130,000	7,500	97,500		
Wastewater I-a (<5 mgd)	0	0	34	2,500	85,000	10,000	340,000	10,000	340,000	7,500	255,000		
Wastewater I-b (>25 mgd)	0	0	0	30,000	0	10,000	0	10,000	0	5,000	0		
Wastewater I-b (5-25 mgd)	0	0	4	15,000	60,000	10,000	40,000	10,000	40,000	5,000	20,000		
Wastewater I-b (<5 mgd)	0	0	24	2,500	60,000	10,000	240,000	10,000	240,000	5,000	120,000		
Wastewater I-c (>25 mgd)	0	0	2	30,000	60,000	10,000	20,000	10,000	20,000	2,500	5,000		
Wastewater I-c (5-25 mgd)	0	0	0	15,000	0	10,000	0	10,000	0	2,500	0		
Wastewater I-c (<5 mgd)	0	153	265	2,500	662,500	10,000	2,650,000	10,000	2,650,000	2,500	662,500		
Wastewater II-a (>25 mgd)	0	0	2	15,000	30,000	2,500	5,000	2,500	5,000	3,750	7,500		
Wastewater II-a (5-25 mgd)	0	0	12	7,500	90,000	2,500	30,000	2,500	30,000	3,750	45,000		
Wastewater II-a (<5 mgd)	0	5	114	1,250	142,500	2,500	285,000	2,500	285,000	3,750	427,500		
Wastewater II-b (>25 mgd)	0	0	1	15,000	15,000	2,500	2,500	2,500	2,500	2,500	2,500		
Wastewater II-b (5-25 mgd)	0	0	6	7,500	45,000	2,500	15,000	2,500	15,000	2,500	15,000		
Wastewater II-b (<5 mgd)	0	21	874	1,250	1,092,500	2,500	2,185,000	2,500	2,185,000	2,500	2,185,000		
Wastewater II-c (>25 mgd)	0	0	0	15,000	0	2,500	0	2,500	0	1,250	0		
Wastewater II-c (5-25 mgd)	0	0	4	7,500	30,000	2,500	10,000	2,500	10,000	1,250	5,000		
Wastewater II-c (<5 mgd)	0	66	427	1,250	533,750	2,500	1,067,500	2,500	1,067,500	1,250	533,750		
Wastewater III-a (>25 mgd)	0	0	0	6,000	0	0	0	0	0	1,500	0		
Wastewater III-a (5-25 mgd)	0	0	1	3,000	3,000	0	0	0	0	1,500	1,500		
Wastewater III-a (<5 mgd)	0	0	24	500	12,000	0	0	0	0	1,500	36,000		
Wastewater III-b (>25 mgd)	0	0	0	6,000	0	0	0	0	0	1,500	0		
Wastewater III-b (5-25 mgd)	0	0	3	3,000	9,000	0	0	0	0	1,000	3,000		
Wastewater III-b (<5 mgd)	0	3	427	500	213,500	0	0	0	0	1,000	427,000		
Wastewater III-c (>25 mgd)	0	0	2	6,000	12,000	0	0	0	0	1,000	2,000		
Wastewater III-c (5-25 mgd)	0	0	9	3,000	27,000	0	0	0	0	500	4,500		
Wastewater III-c (<5 mgd)	0	39	1,356	500	678,000	0	0	0	0	500	678,000		
<b>General Permits</b>	<b>0</b>	<b>0</b>	<b>484</b>	<b>250</b>	<b>121,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>121,000</b>		
<b>Subtotal</b>	<b>0</b>	<b>287</b>	<b>4,092</b>		<b>4,296,750</b>		<b>7,060,000</b>				<b>5,684,250</b>		



**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			Flow/Volume				Annual Charges			Compliance		
	New	Mod.	Ren.	Fee	Revenue	Fee	Revenue	Fee	Revenue	Fee	Revenue		
												Fee	Revenue
<b>Chapter 15 WDR</b>													
Wastewater I-a (>25 mgd)	0	0	0	30,000	0	10,000	0	0	0	7,500	0		
Wastewater I-a (5-25 mgd)	0	0	1	15,000	15,000	10,000	10,000	10,000	10,000	7,500	10,000	7,500	7,500
Wastewater I-a (<5 mgd)	0	0	84	2,500	210,000	10,000	840,000	0	0	7,500	840,000	7,500	630,000
Wastewater I-b (>25 mgd)	0	0	0	30,000	0	10,000	0	0	0	5,000	0		
Wastewater I-b (5-25 mgd)	0	0	0	15,000	0	10,000	0	0	0	5,000	0		
Wastewater I-b (<5 mgd)	0	0	180	2,500	450,000	10,000	1,800,000	0	0	5,000	1,800,000	5,000	900,000
Wastewater I-c (>25 mgd)	0	0	0	30,000	0	10,000	0	0	0	2,500	0		
Wastewater I-c (5-25 mgd)	0	0	0	15,000	0	10,000	0	0	0	2,500	0		
Wastewater I-c (<5 mgd)	0	0	4	2,500	10,000	10,000	40,000	0	0	2,500	40,000	2,500	10,000
Wastewater II-a (>25 mgd)	0	0	0	15,000	0	2,500	0	0	0	3,750	0		
Wastewater II-a (5-25 mgd)	0	0	0	7,500	0	2,500	0	0	0	3,750	0		
Wastewater II-a (<5 mgd)	0	0	48	1,250	60,000	2,500	120,000	0	0	3,750	120,000	3,750	180,000
Wastewater II-b (>25 mgd)	0	0	1	15,000	15,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Wastewater II-b (5-25 mgd)	0	0	0	7,500	0	2,500	0	0	0	2,500	0		
Wastewater II-b (<5 mgd)	0	0	294	1,250	367,500	2,500	735,000	0	0	2,500	735,000	2,500	735,000
Wastewater II-c (>25 mgd)	0	0	0	15,000	0	2,500	0	0	0	1,250	0		
Wastewater II-c (5-25 mgd)	0	0	0	7,500	0	2,500	0	0	0	1,250	0		
Wastewater II-c (<5 mgd)	0	0	31	1,250	38,750	2,500	77,500	0	0	1,250	77,500	1,250	38,750
Wastewater III-a (>25 mgd)	0	0	0	6,000	0	0	0	0	0	1,500	0		
Wastewater III-a (5-25 mgd)	0	0	0	3,000	0	0	0	0	0	1,500	0		
Wastewater III-a (<5 mgd)	0	0	22	500	11,000	0	0	0	0	1,500	0		
Wastewater III-b (>25 mgd)	0	0	0	6,000	0	0	0	0	0	1,500	0		
Wastewater III-b (5-25 mgd)	0	0	0	3,000	0	0	0	0	0	1,000	0		
Wastewater III-b (<5 mgd)	0	0	192	500	96,000	0	0	0	0	1,000	0		
Wastewater III-c (>25 mgd)	0	0	0	6,000	0	0	0	0	0	1,000	0		
Wastewater III-c (5-25 mgd)	0	0	0	3,000	0	0	0	0	0	500	0		
Wastewater III-c (<5 mgd)	0	0	225	500	112,500	0	0	0	0	500	0		
Landfill (w/o liners)	0	269	269	0	0	2,500	672,500	0	0	2,500	672,500	2,500	672,500
Landfill (w/ liners)	0	30	30	0	0	0	0	0	0	2,500	0		
General Permits	0	0	9	500	4,500	0	0	0	0	250	0		
Subtotal	0	299	1,390		1,390,250		4,297,500						3,591,000
<b>Late Fees &amp; Charges</b>													
<b>Total</b>	<b>780</b>	<b>1,020</b>	<b>24,572</b>		<b>20,807,250</b>		<b>19,073,750</b>						<b>20,574,250</b>

**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			Total Annualized Fee		Total Annualized Fee		Total Annualized Fee	
	New	Mod.	Ren.	New Permittee		Mod. Permittee		Ren. Permittee	
				Fee	Revenue	Fee	Revenue	Fee	Revenue
<b>NPDES Permit</b>									
Wastewater I-a (>25 mgd)	0	0	57	49,500	0	49,000	0	47,500	2,707,500
Wastewater I-a (5-25 mgd)	0	0	78	34,500	0	34,000	0	32,500	2,535,000
Wastewater I-a (<5 mgd)	0	0	114	22,000	0	21,500	0	20,000	2,280,000
Wastewater I-b (>25 mgd)	0	0	0	47,000	0	46,500	0	45,000	0
Wastewater I-b (5-25 mgd)	0	0	2	32,000	0	31,500	0	30,000	60,000
Wastewater I-b (<5 mgd)	0	0	15	19,500	0	19,000	0	17,500	262,500
Wastewater I-c (>25 mgd)	0	0	0	44,500	0	44,000	0	42,500	0
Wastewater I-c (5-25 mgd)	0	0	1	29,500	0	29,000	0	27,500	27,500
Wastewater I-c (<5 mgd)	0	0	8	17,000	0	16,500	0	15,000	120,000
Wastewater II-a (>25 mgd)	0	0	3	22,250	0	22,000	0	21,250	63,750
Wastewater II-a (5-25 mgd)	0	0	21	14,750	0	14,500	0	13,750	288,750
Wastewater II-a (<5 mgd)	0	0	92	8,500	0	8,250	0	7,500	690,000
Wastewater II-b (>25 mgd)	0	0	6	21,000	0	20,750	0	20,000	120,000
Wastewater II-b (5-25 mgd)	0	0	13	13,500	0	13,250	0	12,500	162,500
Wastewater II-b (<5 mgd)	0	3	444	7,250	0	7,000	21,000	6,250	2,775,000
Wastewater II-c (>25 mgd)	0	0	0	19,750	0	19,500	0	18,750	0
Wastewater II-c (5-25 mgd)	0	0	11	12,250	0	12,000	0	11,250	123,750
Wastewater II-c (<5 mgd)	0	129	478	6,000	0	5,750	741,750	5,000	2,390,000
Wastewater III-a (>25 mgd)	0	0	0	7,900	0	7,800	0	7,500	0
Wastewater III-a (5-25 mgd)	0	0	1	4,900	0	4,800	0	4,500	4,500
Wastewater III-a (<5 mgd)	0	0	206	2,400	0	2,300	0	2,000	412,000
Wastewater III-b (>25 mgd)	0	0	1	7,900	0	7,800	0	7,500	7,500
Wastewater III-b (5-25 mgd)	0	0	3	4,400	0	4,300	0	4,000	12,000
Wastewater III-b (<5 mgd)	0	0	116	1,900	0	1,800	0	1,500	174,000
Wastewater III-c (>25 mgd)	0	0	5	7,400	0	7,300	0	7,000	35,000
Wastewater III-c (5-25 mgd)	0	0	30	3,900	0	3,800	0	3,500	105,000
Wastewater III-c (<5 mgd)	0	11	635	1,400	0	1,300	14,300	1,000	635,000
MS4 (>1,000K pop.)	0	0	10	64,000	0	63,000	0	60,000	600,000
MS4 (500k<1,000K pop.)	0	0	2	48,000	0	47,250	0	45,000	90,000
MS4 (200k<500K pop.)	0	0	5	32,000	0	31,500	0	30,000	150,000
MS4 (100k<200K pop.)	0	0	4	24,000	0	23,625	0	22,500	90,000
MS4 (<100K pop.)	0	0	5	16,000	0	15,750	0	15,000	75,000
Co-permittees	0	291	0	varies	0	varies	0	varies	1,203,750
Ind./Constr. Stormwater	0	0	2,798	1,400	0	1,300	0	1,000	2,798,000
Ind./Constr. Stormwater	0	0	10,803	700	0	650	0	500	5,401,500
Large CAFO (new)	780	0	780	7,500	5,850,000	7,400	0	7,100	5,538,000
General Permits	0	0	1,241	700	0	650	0	500	620,500
<b>Subtotal</b>	<b>780</b>	<b>434</b>	<b>17,988</b>		<b>5,850,000</b>		<b>777,050</b>		<b>32,558,000</b>

**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			Total Annualized Fee		Total Annualized Fee		Total Annualized Fee	
	New	Mod.	Ren.	Fee	Revenue	Fee	Revenue	Fee	Revenue
<b>Section 401 Certifications</b>									
Certifications Issued	0	0	32	8,500	0	8,250	0	7,500	240,000
Certifications Waived	0	0	1,070	1,450	0	1,400	0	1,250	1,337,500
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>1,102</b>		<b>0</b>		<b>0</b>		<b>1,577,500</b>
<b>Non-Chapter 15 WDR</b>									
Wastewater I-a (>25 mgd)	0	0	4	49,500	0	49,000	0	47,500	190,000
Wastewater I-a (5-25 mgd)	0	0	13	34,500	0	34,000	0	32,500	422,500
Wastewater I-a (<5 mgd)	0	0	34	22,000	0	21,500	0	20,000	680,000
Wastewater I-b (>25 mgd)	0	0	0	47,000	0	46,500	0	45,000	0
Wastewater I-b (5-25 mgd)	0	0	4	32,000	0	31,500	0	30,000	120,000
Wastewater I-b (<5 mgd)	0	0	24	19,500	0	19,000	0	17,500	420,000
Wastewater I-c (>25 mgd)	0	0	2	44,500	0	44,000	0	42,500	85,000
Wastewater I-c (5-25 mgd)	0	0	0	29,500	0	29,000	0	27,500	0
Wastewater I-c (<5 mgd)	0	153	265	17,000	0	16,500	2,524,500	15,000	3,975,000
Wastewater II-a (>25 mgd)	0	0	2	22,250	0	22,000	0	21,250	42,500
Wastewater II-a (5-25 mgd)	0	0	12	14,750	0	14,500	0	13,750	165,000
Wastewater II-a (<5 mgd)	0	5	114	8,500	0	8,250	41,250	7,500	855,000
Wastewater II-b (>25 mgd)	0	0	1	21,000	0	20,750	0	20,000	20,000
Wastewater II-b (5-25 mgd)	0	0	6	13,500	0	13,250	0	12,500	75,000
Wastewater II-b (<5 mgd)	0	21	874	7,250	0	7,000	147,000	6,250	5,462,500
Wastewater II-c (>25 mgd)	0	0	0	19,750	0	19,500	0	18,750	0
Wastewater II-c (5-25 mgd)	0	0	4	12,250	0	12,000	0	11,250	45,000
Wastewater II-c (<5 mgd)	0	66	427	6,000	0	5,750	379,500	5,000	2,135,000
Wastewater III-a (>25 mgd)	0	0	0	7,900	0	7,800	0	7,500	0
Wastewater III-a (5-25 mgd)	0	0	1	4,900	0	4,800	0	4,500	4,500
Wastewater III-a (<5 mgd)	0	0	24	2,400	0	2,300	0	2,000	48,000
Wastewater III-b (>25 mgd)	0	0	0	7,900	0	7,800	0	7,500	0
Wastewater III-b (5-25 mgd)	0	0	3	4,400	0	4,300	0	4,000	12,000
Wastewater III-b (<5 mgd)	0	3	427	1,900	0	1,800	5,400	1,500	640,500
Wastewater III-c (>25 mgd)	0	0	2	7,400	0	7,300	0	7,000	14,000
Wastewater III-c (5-25 mgd)	0	0	9	3,900	0	3,800	0	3,500	31,500
Wastewater III-c (<5 mgd)	0	39	1,356	1,400	0	1,300	50,700	1,000	1,356,000
<b>General Permits</b>	<b>0</b>	<b>0</b>	<b>484</b>	<b>700</b>	<b>0</b>	<b>650</b>	<b>0</b>	<b>500</b>	<b>242,000</b>
<b>Subtotal</b>	<b>0</b>	<b>287</b>	<b>4,092</b>		<b>0</b>		<b>3,148,350</b>	<b>0</b>	<b>17,041,000</b>

**Alternative #4**  
**Estimated Core Regulatory Program Fee Revenue, Based on 1999-2000 Projected Dischargers**

Program / Rating	Number of Payers			Total Annualized Fee New Permittee		Total Annualized Fee Mod. Permittee		Total Annualized Fee Ren. Permittee	
	New	Mod.	Ren.	Fee	Revenue	Fee	Revenue	Fee	Revenue
<b>Chapter 15 WDR</b>									
Wastewater I-a (>25 mgd)	0	0	0	49,500	0	49,000	0	47,500	0
Wastewater I-a (5-25 mgd)	0	0	1	34,500	0	34,000	0	32,500	32,500
Wastewater I-a (<5 mgd)	0	0	84	22,000	0	21,500	0	20,000	1,680,000
Wastewater I-b (>25 mgd)	0	0	0	47,000	0	46,500	0	45,000	0
Wastewater I-b (5-25 mgd)	0	0	0	32,000	0	31,500	0	30,000	0
Wastewater I-b (<5 mgd)	0	0	180	19,500	0	19,000	0	17,500	3,150,000
Wastewater I-c (>25 mgd)	0	0	0	44,500	0	44,000	0	42,500	0
Wastewater I-c (5-25 mgd)	0	0	0	29,500	0	29,000	0	27,500	0
Wastewater I-c (<5 mgd)	0	0	4	17,000	0	16,500	0	15,000	60,000
Wastewater II-a (>25 mgd)	0	0	0	22,250	0	22,000	0	21,250	0
Wastewater II-a (5-25 mgd)	0	0	0	14,750	0	14,500	0	13,750	0
Wastewater II-a (<5 mgd)	0	0	48	8,500	0	8,250	0	7,500	360,000
Wastewater II-b (>25 mgd)	0	0	1	21,000	0	20,750	0	20,000	20,000
Wastewater II-b (5-25 mgd)	0	0	0	13,500	0	13,250	0	12,500	0
Wastewater II-b (<5 mgd)	0	0	294	7,250	0	7,000	0	6,250	1,837,500
Wastewater II-c (>25 mgd)	0	0	0	19,750	0	19,500	0	18,750	0
Wastewater II-c (5-25 mgd)	0	0	0	12,250	0	12,000	0	11,250	0
Wastewater II-c (<5 mgd)	0	0	31	6,000	0	5,750	0	5,000	155,000
Wastewater III-a (>25 mgd)	0	0	0	7,900	0	7,800	0	7,500	0
Wastewater III-a (5-25 mgd)	0	0	0	4,900	0	4,800	0	4,500	0
Wastewater III-a (<5 mgd)	0	0	22	2,400	0	2,300	0	2,000	44,000
Wastewater III-b (>25 mgd)	0	0	0	7,900	0	7,800	0	7,500	0
Wastewater III-b (5-25 mgd)	0	0	0	4,400	0	4,300	0	4,000	0
Wastewater III-b (<5 mgd)	0	0	192	1,900	0	1,800	0	1,500	288,000
Wastewater III-c (>25 mgd)	0	0	0	7,400	0	7,300	0	7,000	0
Wastewater III-c (5-25 mgd)	0	0	0	3,900	0	3,800	0	3,500	0
Wastewater III-c (<5 mgd)	0	0	225	1,400	0	1,300	0	1,000	225,000
<b>Landfill (w/o liners)</b>	0	269	269	6,000	0	5,750	1,547,325	5,000	1,345,000
<b>Landfill (w/ liners)</b>	0	30	30	3,500	0	3,250	97,175	2,500	75,000
<b>General Permits</b>	0	0	9	950	0	900	0	750	6,750
<b>Subtotal</b>	0	299	1,390		0		1,644,500		9,278,750
<b>Late Fees &amp; Charges</b>									
<b>Total</b>	780	1,020	24,572		5,850,000		5,569,900		60,455,250