

**STATE WATER RESOURCES CONTROL BOARD**  
**FISCAL YEAR 2003/04 ANNUAL FEES REPORT**  
REQUIRED BY PORTER-COLOGNE WATER QUALITY ACT (WATER CODE)

The State Water Resources Control Board (SWRCB) is providing this report on the expenditure of annual fees collected to comply with Water Code (WC) Section 13260.3, which states, “On or before January 1 of each year, the state board shall report to the Governor and the Legislature on the expenditure of annual fees collected pursuant to Section 13260.”

The following core regulatory programs are presented in this report:

1. National Pollutant Discharge Elimination System (NPDES) Permit Program
2. NPDES Storm Water Program
3. Waste Discharge Requirements
  - o Discharge of Wastewater to Land Program
  - o Land Disposal Program
4. Confined Animal Feeding Operations Program
5. Surface Water Ambient Monitoring Program and Groundwater Ambient Monitoring and Assessment
6. 401 Certification Program

**OVERVIEW**

The mission of the SWRCB is to “preserve, enhance and restore the quality of California's water resources, and ensure their proper allocation and efficient use for the benefit of present and future generations.” This mission is accomplished, in part, through the regulation of facilities that discharge wastewater into surface waters, ground waters and landfills of the state.

WC Section 13260 requires each entity discharging waste or proposing to discharge waste that could affect the quality of the waters of the state to file a Report of Waste Discharge (ROWD). The ROWD must be accompanied by a reasonable annual fee established by the SWRCB and deposited in the Waste Discharge Permit Fund (WDPF). The total revenue collected each year through annual fees is set at an amount equal to the revenue levels set forth in the Budget Act for this activity. The SWRCB adjusts the annual fees each fiscal year to conform to the revenue levels set forth in the Budget Act. If the SWRCB determines the revenue collected during the preceding year was greater than, or less than, the revenue levels set forth in the Budget Act, the SWRCB may further adjust the annual fees to balance the over and under collection of revenue.

## **FEE REVENUES AND EXPENDITURES**

The total revenue collected for the fiscal year 2003/04 was \$56.2 million, and the total expenditures were \$51.3 million. Revenues exceeded expenditures by \$4.9 million. However, the cash basis accounting system recorded \$2.5 million collected in FY 2003/04 for FY 2004/05. An accounting change to accrual basis has been implemented for FY 2004/05 that will more accurately report revenues and expenditures.

Table 1 is an overall financial summary of the fees included in this report for FY 2003/04:

<b><u>Total Fees Collected and Expenditures</u></b>	
	<u>Year Ended June 30, 2004</u>
<b>Budget Amount</b>	<u>\$52,466,000</u>
<b>Revenues</b>	
Total fees collected	\$56,232,481
<b>Expenses</b>	
Total expenses	<u>\$51,305,065</u>
<b>Net revenue/(expense)</b>	\$4,927,416
<b>Less fees collected for FY 2004/05</b>	\$2,533,685
<b>Adjusted net revenue/(expense)</b>	<u>\$2,393,731</u>

Due to spending constraints required by the state fiscal crisis, expenses are \$1.2 million less than the authorized amount. The \$2.4 million adjusted balance represents 4.6% of the FY 2003/04 budget amount and is a prudent financial reserve for unanticipated expenses.

The following program details are based on the unadjusted revenue figures reported at the end of June 30, 2004.

### **NPDES Permit Program**

Water pollution degrades surface waters making them unsafe for drinking, fishing, swimming, and other activities. As authorized by the federal Clean Water Act (CWA), the NPDES Permit Program controls water pollution by regulating point sources that discharge pollutants into waters of the United States. Point sources are discrete conveyances such as pipes or man-made ditches. Individual homes that are connected to a municipal system, use a septic system, or do not have a surface discharge do not need a NPDES permit; however, industrial, municipal, and other facilities must obtain permits if their discharges go directly to surface waters. In most cases, the NPDES Permit Program is administered by authorized states. Since its introduction in 1972, the NPDES Permit Program has significantly improved our nation's water quality.

The CWA gives the United States Environmental Protection Agency (USEPA) the authority to set effluent limits on both industry-wide (technology-based) and water-quality bases to ensure protection of the receiving water. The CWA requires anyone who wants to discharge pollutants to first obtain a NPDES permit. Pollutant discharges without a NPDES permit are illegal.

The CWA allows the USEPA to authorize the NPDES Permit Program to state governments, enabling states to perform many of the permitting, administrative, and enforcement aspects of the program. In states that have been authorized to implement CWA programs, the USEPA still retains oversight responsibilities.

Table 2 is a financial summary of the NPDES program:

<b>NPDES Permit Program</b>	
	Year Ended June 30, 2004
<b>Revenues</b>	
NPDES permit fees collected	\$17,262,726
Less NPDES monitoring surcharge	-2,442,768
Net NPDES fees collected	\$14,819,958
<b>Expenses</b>	
NPDES expenditures	\$15,321,827
Less NPDES monitoring expenses	-2,731,927
Net NPDES expenditures	\$12,589,900
<b>Net revenue/(expense)</b>	<b>\$2,230,058</b>

### **NPDES Storm Water Program**

Storm water discharges are generated by runoff from land and impervious areas such as paved streets, parking lots and building rooftops during rainfall and snow melt-off that often contain pollutants in quantities that could adversely affect water quality. Most storm water discharges are considered point sources and require coverage by a NPDES permit. The permits are broken into two categories: individual and general.

- An **individual permit** is a permit specifically tailored to an individual facility. Once a facility submits the appropriate application(s), the permitting authority develops a permit for that particular facility based on the information contained in the application (e.g., type of activity, nature of discharge, receiving water quality).
- A **general permit** is a NPDES permit that covers several facilities that have the same type of discharge and are located in a specific geographic area. A general permit applies the same or similar conditions to all dischargers covered under the same permit. Using a general permit to cover numerous facilities reduces paperwork for permitting authorities and permittees, and ensures consistency of permit conditions for similar facilities.

Storm water activities are broken into three major categories: construction, industrial and municipal.

- **Construction activities** – Storm water runoff from construction activities can have a significant impact on water quality. As storm water flows over a construction site, it picks up pollutants like sediment, debris, and chemicals. Polluted storm water runoff can harm or kill fish and other wildlife. Sedimentation can destroy aquatic habitat and high volumes of runoff can cause stream bank erosion.

The NPDES Storm Water Program requires operators of construction sites one acre or larger (including smaller sites that are part of a larger common plan of development) to obtain authorization to discharge storm water under a NPDES construction storm water permit.

- **Industrial activities** – Runoff from activities that take place at industrial facilities, such as material handling and storage, often discharge industrial pollutants to nearby storm sewer systems and water bodies. This may adversely impact water quality.

To limit pollutants in storm water discharges from industrial facilities, the NPDES Storm Water Program includes an industrial storm water permitting component. Operators of industrial facilities included in one of the 11 categories of "storm water discharges associated with industrial activity" (40 CFR 122.26 (b)(14)(i)-(xi), that discharge storm water to a municipal separate storm sewer system or directly to waters of the United States require authorization under a NPDES industrial storm water permit. If an industrial facility has a Standard Industrial Classification (SIC) code or meets the narrative description listed in the 11 categories, the facility operator must determine if the facility is eligible for coverage under a general or an individual NPDES industrial storm water permit. In some cases, a facility operator may be eligible for a conditional/temporary exclusion from permitting requirements.

- **Municipal Separate Storm Sewer Systems (MS4)** – Under the NPDES Storm Water Program, operators of large, medium and regulated small municipal separate storm sewer systems require authorization to discharge pollutants under a NPDES permit.

Medium and large MS4 operators are required to submit comprehensive permit applications and are issued individual permits. Regulated small MS4 operators have the option of choosing to be covered by an individual permit, a general permit, or a modification of an existing MS4's individual permit.

Table 3 is a financial summary of the NPDES Storm Water Program:

<b>NPDES Storm Water Program</b>	
	Year Ended June 30, 2004
<b>Revenues</b>	
NPDES storm water fees collected	\$17,249,832
Less NPDES storm water monitoring surcharge	-2,130,866
Net NPDES storm water fees collected	\$15,118,966
<b>Expenses</b>	
NPDES storm water expenditures	\$15,145,717
Less NPDES storm water monitoring expenses	-2,383,106
Net NPDES storm water expenditures	\$12,762,611
<b>Net revenue/(expense)</b>	<b>\$2,356,355</b>

**Waste Discharge Requirements (WDR)**

The Water Code requires the SWRCB to establish policies to protect the state’s ground waters through the development of Water Quality Control Plans (Basin Plans) and the issuance of WDR. The purpose of these Basin Plans and WDR is to ensure, to the greatest extent possible, that discharges to the state’s waters do not adversely affect the quality and beneficial uses of such waters.

WDR are issued only to dischargers that discharge waste to land. The disposal method may be either agricultural or non-agricultural irrigation, ponds, landfills, monofills, or leachfields.

- **WDR – Discharge of wastewater to land:** The Waste discharge to Land Program regulates discharges that include percolation through disposal ponds, discharges through leach fields, and irrigation of landscapes and farmland. Regulatory requirements for wastewater discharges to land are contained in California Code of Regulations (CCR) Title 23. To comply with the effluent limitations in waste discharge requirements, wastewater must usually be treated before being discharged. These discharges, unless waived as allowed by WC Section 13269, must meet waste discharge requirements.

Table 4A is a financial summary of the WDR - Discharge of wastewater to land:

<b>WDR - Discharge of Wastewater to Land</b>	
	Year Ended June 30, 2004
<b>Revenues</b>	
WDR - Discharge of wastewater to land fees collected	\$12,595,044
Less WDR monitoring surcharge	-1,032,949
Net WDR - Discharge of wastewater to land fees collected	\$11,562,095
<b>Expenses</b>	
WDR expenditures	\$12,502,076
Less WDR monitoring expenses	- 1,155,224
Net WDR - Discharge of wastewater to land expenditures	\$11,346,852
<b>Net revenue/(expense)</b>	<b>\$ 215,243</b>

- **WDR – Land Disposal:** The Land Disposal Program regulates waste discharge to land for the treatment, storage and disposal in waste management units. Waste management units include waste piles, surface impoundments, and landfills. Regulatory requirements for hazardous waste discharges are contained in CCR Title 23, (Chapter 15). Regulatory requirements for non-hazardous waste discharges are contained in CCR Title 27.

Table 4B is a financial summary of the WDR - Land Disposal Program:

<b>WDR - Land Disposal</b>	
	Year Ended June 30, 2004
<b>Revenues</b>	
WDR - Land Disposal fees collected	\$ 5,704,463
Less WDR monitoring surcharge	- 438,070
Net WDR Land Disposal fees collected	\$ 5,266,393
<b>Expenses</b>	
WDR - Land Disposal expenditures	\$ 4,967,540
Less WDR monitoring expenses	- 489,926
Net WDR - Land Disposal expenditures	\$ 4,477,614
<b>Net revenue/(expense)</b>	<b>\$ 788,779</b>

### **Confined Animal Feeding Operations Program**

Animal Feeding Operations (AFO's) are agricultural operations where animals are kept and raised in confined situations. AFO's generally congregate animals, feed, manure, dead animals, and production operations on a small land area. Feed is brought to the animals rather than the animals grazing or otherwise seeking feed in pastures. Animal waste and wastewater can enter water bodies from spills or breaks of waste storage structures (due to accidents or excessive rain), and non-agricultural application of manure to cropland. AFO's that meet the regulatory definition of a concentrated animal feeding operation have the potential of being regulated under either the NPDES or WDR permitting programs.

Table 5 is a financial summary of the Confined Animal Feeding Operations Program:

<b><u>Confined Animal Feeding Operations</u></b>	
	<u>Year Ended June 30, 2004</u>
<b>Revenues</b>	
AFO fees collected	\$ 914,020
Less AFO monitoring surcharge	<u>- 75,590</u>
Net AFO fees collected	\$ 838,430
<b>Expenses</b>	
AFO expenditures	\$ 1,123,246
Less AFO monitoring expenses	<u>- 84,537</u>
Net AFO expenditures	\$ 1,038,709
<b>Net revenue/(expense)</b>	<u>(\$ 200,279)</u>

### **Surface Water Ambient Monitoring Program and Groundwater Ambient Monitoring and Assessment**

The Water Ambient Monitoring Program was proposed in a report to the Legislature to integrate existing water quality monitoring activities of the SWRCB and the Regional Water Quality Control Boards (RWQCB's), and to coordinate with other monitoring programs. WC Section 13192, established by Assembly Bill 982, requires the SWRCB to assess and report on the state monitoring programs and prepare a proposal for a comprehensive monitoring program. WC Section 13191, established by AB 982, requires the SWRCB to convene an advisory group to assist in the evaluation of program structure, and effectiveness as it related to the implementation of the requirements of the CWA Section 303d, applicable federal regulation, and monitoring and assessment programs. The Legislature authorized a fee appropriation to fund the program.

Fees for discharges to groundwater (WDR, Land Disposal and Confined Animal Feeding Programs) are assessed a nine percent surcharge to cover the cost of the groundwater monitoring program. Fees for discharges to surface water (NPDES, including Storm Water), are assessed an 18.5 percent surcharge, which covers the cost of the surface water monitoring program. The surcharge is assessed to the base fee prior to any other surcharges that cause the percentage of monitoring charges in this report to appear less than actually assessed.

- **Surface Water Ambient Monitoring Program (SWAMP):** “Ambient monitoring” refers to any activity in which information about the status of the physical, chemical and biological characteristics of the environment is collected to answer specific questions about the status, and trends in those characteristics. For the purposes of SWAMP, ambient monitoring refers to these activities as they relate to the characteristics of water quality.

SWAMP is a statewide monitoring effort designed to assess the conditions of surface waters throughout the state of California. Responsibility for implementation of monitoring activities resides with the nine RWQCB's that have jurisdiction over specific geographical areas of the state. Monitoring is conducted in SWAMP through the Department of Fish and Game and US Geological Survey master contracts and local RWQCB's monitoring contracts.

SWAMP also plans to capture monitoring information collected under other state and regional board programs such as the state's TMDL (Total Maximum Daily Load), Nonpoint Source, and Watershed Project Support programs. The program does not conduct effluent or discharge monitoring, which is covered under NPDES and WDR permits.

- **Groundwater Ambient Monitoring and Assessment Program (GAMA):** The Legislature and private citizens have become increasingly concerned about groundwater quality and public supply well closures due to the detection of chemicals, such as the gasoline additive MTBE, solvents from industrial sources, and more recently perchlorate. To address these concerns, the Supplemental Report of the 1999 Budget Act and later the Groundwater Quality Monitoring Act of 2001 (AB 599 – Statutes of 2001) required the SWRCB to develop a comprehensive ambient ground water monitoring plan.

The primary objective of the GAMA Program is to comprehensively assess statewide groundwater quality and gain an understanding about contamination risk to specific groundwater resources. The Groundwater Quality Monitoring Act of 2001 (WC Sections 10780-10782.3) resulted in a publicly accepted plan to monitor and assess the quality of priority groundwater basins that account for over 90 percent of all groundwater used in the state. The plan builds on the existing GAMA Program and prioritizes groundwater basins for assessment based on groundwater use. Groundwater basin assessments are planned across the state and represent areas in all ten hydro geologic provinces.



Table 6 is a financial summary of the SWAMP and GAMA Program:

<b>SWAMP and GAMA Program</b>	
	Year Ended June 30, 2004
<b>Revenues</b>	
NPDES monitoring surcharge	\$ 2,442,768
NPDES storm water monitoring surcharge	2,130,866
WDR - discharge of wastewater to land monitoring surcharge	1,032,949
WDR - land disposal monitoring surcharge	438,070
AFO monitoring surcharge	75,590
Total SWAMP & GAMA revenue	\$ 6,120,243
<b>Expenses</b>	
NPDES monitoring expenses	\$ 2,731,927
NPDES storm water monitoring expenses	2,383,106
WDR - discharge of wastewater to land monitoring expenses	1,155,224
WDR - land disposal monitoring expenses	489,926
AFO monitoring expenses	84,537
Total SWAMP and GAMA expenditures	\$ 6,844,720
<b>Net revenue/(expense)</b>	(\$ 724,477)

#### **401 Certification Program**

Section 404 of the CWA establishes a program to regulate discharges of dredge and fill material into waters of the United States, including wetlands. Activities in waters of the United States that are regulated under this program include fills for development, water resource projects (such as dams and levees), infrastructure development (such as highways and airports), and conversion of wetlands to uplands for farming and forestry.

A permit review process controls regulated activities. An individual permit is usually required for potentially significant impacts. However, for most discharges that will have only minimal adverse effects, the Army Corps of Engineers often grants up-front general permits. These may be issued on a national, regional, or statewide basis for particular categories of activities (for example, minor road crossings, utility line backfill, and bedding) as a means to expedite the permitting process.

Under Section 401, states and tribes can review and approve, condition, or deny all federal permits or licenses that might result in a discharge to state or tribal waters, including wetlands. The major federal licenses and permits subject to Section 401 are Section 402 and 404 permits (in nondelegated States), Federal Energy Regulatory Commission (FERC) hydropower licenses, and Rivers and Harbors Act Section 9 and 10 permits. States and tribes may choose to waive their Section 401 certification authority. States and tribes make their decisions to deny, certify, or condition permits or licenses primarily by ensuring the activity will comply with state water quality standards. In addition, states and tribes look at whether the activity will violate effluent limitations, new source performance standards, toxic pollutants, and other water resource requirements of state/tribal law or regulation.

Table 7 is a financial summary of the 401 Certification Program:

<b>401 Certification Program</b>	
	<u>Year Ended June 30, 2004</u>
<b>Revenues</b>	
401 Certification fees collected	\$ 2,506,396
<b>Expenses</b>	
	\$ 2,244,659
<b>Net revenue/(expense)</b>	<b>\$ 261,737</b>

**Requests for Information**

This financial report provides a general overview of the SWRCB fee finances. Questions concerning the information provided in this report or requests for additional information should be addressed to Jerrel Bolds, Chief Accounting Officer, Division of Administrative Services, P.O. Box 100, Sacramento, California 95812.