



**State Water Resources Control Board  
Water Quality Fee Stakeholder Meeting**

**June 15, 2012**

**10:00 am – 12:00 pm**

**Cal/EPA Headquarters Building**

**1001 I Street**

**Sacramento, CA 95814**

**Training Room 1 East/West. First Floor**

**Conference Call-in Number: (916) 227-1132**

**AGENDA**

1. Welcome and Introductions
2. Review Waste Discharge Permit Fund Financial Condition
  - Attachment 1 – WDPF Revenue and Expenditures for FY 2011-12
  - Attachment 2 – WDPF Fund Condition
  - Attachment 3 – WDPF Budgetary Cost Drivers
3. Open Discussion on Fees
4. Update on Resource Alignment Plan

**State Water Resources Control Board  
Water Quality Fee Regulations  
Stakeholder Meeting  
June 15, 2011**

**Authority**

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Water Code Section 13260 requires each person who discharges waste or proposes to discharge waste that could affect the quality of the waters of the state to file a report of waste discharge with the appropriate Regional Water Board and to pay an annual fee set by the State Water Board, the funds from which are to be deposited in the Waste Discharge Permit Fund (WDPF).

Water Code Section 13260 also requires the State Water Board to adopt, by emergency regulations, an annual schedule of fees for persons discharging waste to the waters of the state. Water Code Section 13260 further requires the State Water Board to adjust the fees annually to conform to the revenue levels set forth in the Budget Act. The State Water Board's current annual fee schedules were adopted on September 20, 2011.

**Waste Discharge Permit Fund Financial Condition**

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As Attachment 1 shows, total estimated WDPF revenue for FY 11-12 is expected to be approximately \$98.0 million. Total expenditures are expected to be approximately \$98.5 million. Expenditures are expected to exceed revenue by \$510,000.

Attachment 2 shows a nine-year analysis of the fund condition for the WDPF. For FY 11-12, the beginning balance is \$10.8 million. An additional \$3.0 million in projected unspent contract dollars will revert back to the fund which will result in an adjusted beginning balance of \$13.8 million. Total estimated revenue is approximately \$100.2 million that includes \$98.0 million in fee revenue and \$2.2 million in other revenue. Total expenditures are approximately \$101.6 million with an ending balance of \$12.4 million and a fund reserve of 12.2 percent.

For FY 12-13, the projected beginning balance of approximately \$12.4 million includes \$1.1 million in fines and penalty revenue not available for expenditure for core regulatory activities, which leaves an adjusted beginning balance of \$11.3 million. Under the current fee schedule rates, total revenue is anticipated to be \$97.8 million and total expenditures are anticipated to be \$103.1 million, resulting in a loss of \$5.3 million and an ending balance of \$6.0 million and a fund reserve of 5.9 percent.

Based on the Governor's May Revise, there is a potential for salary savings of \$2.3 million, which would reduce anticipated expenditures to \$100.8 million resulting in a loss of \$3.0 million, an ending balance of \$8.3 million and a fund

reserve of 8.3 percent.

Attachment 3 lists the cost drivers since FY 02-03. In most years, the cost drivers represent a mix of one-time and ongoing costs.

**WDPF Revenue and Expenditures  
FY 2011-12 (\$000)**

<b>FY 2011-12 (Current Year Forecast)</b>			
<b>Program</b>	<b>Projected Revenue</b>	<b>Projected Expenditures<sup>1</sup></b>	<b>Projected Over/(Under)</b>
NPDES	\$29,214	\$29,112	\$101
WDR	\$22,138	\$22,487	(\$349)
Land Disposal	\$11,992	\$11,509	\$483
Stormwater	\$24,176	\$24,445	(\$269)
401 Cert	\$3,892	\$4,150	(\$258)
CAF	\$3,391	\$3,788	(\$397)
ILRP	\$3,190	\$3,010	\$180
<b>Fee Revenue</b>	<b>\$97,993</b>	<b>\$98,502</b>	<b>(\$510)</b>

**Footnotes:**

<sup>1</sup> Includes redirected expenditures for swamp/gama, enforcement, fee unit and pro rata.

## WDPF Fund Condition (\$000)

	Actuals							Forecast		
	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13 Full Budget	FY 12-13 Salary Savings
<b>BEGINNING BALANCE</b>	\$11,201	\$14,244	\$19,131	\$17,288	\$9,795	\$8,204	\$6,604	\$10,774	\$12,439	\$12,439
Prior year adjustments <sup>1</sup>	(\$343)	\$381	\$1,247	\$1,807	(\$56)	(\$3,010)	\$2,097	\$3,000		
Restricted Revenue <sup>2</sup>									(\$1,100)	(\$1,100)
Adjusted Beginning Balance	\$10,858	\$14,625	\$20,378	\$19,095	\$9,739	\$5,194	\$8,701	\$13,774	\$11,339	\$11,339
Revenue										
Regulatory Fees	\$59,978	\$60,561	\$62,435	\$60,958	\$77,340	\$74,902	\$74,864	\$97,993	\$97,756	\$97,756
Other <sup>3</sup>	\$1,019	\$2,968	\$2,622	\$3,038	\$2,027	\$900	\$630	\$2,252	\$100	\$100
Total Revenue	\$60,997	\$63,529	\$65,057	\$63,996	\$79,367	\$75,802	\$75,494	\$100,245	\$97,856	\$97,856
Expenditures										
Water Bd. State Operations	\$57,607	\$58,726	\$67,651	\$72,977	\$80,597	\$74,079	\$72,693	\$98,502	\$101,731	\$101,731
Projected Salary Savings <sup>4</sup>										(\$2,286)
PALCO Defense Litigation <sup>5</sup>								\$2,400		
Water Recycling <sup>6</sup>									\$700	\$700
Other State Operations <sup>7</sup>	\$4	\$297	\$496	\$319	\$305	\$313	\$728	\$677	\$707	\$707
Total Expenditures	\$57,611	\$59,023	\$68,147	\$73,296	\$80,902	\$74,392	\$73,421	\$101,579	\$103,138	\$100,852
Gain/(Loss)	\$3,386	\$4,506	(\$3,090)	(\$9,300)	(\$1,535)	\$1,410	\$2,073	(\$1,335)	(\$5,282)	(\$2,996)
<b>ENDING BALANCE</b>	<b>\$14,244</b>	<b>\$19,131</b>	<b>\$17,288</b>	<b>\$9,795</b>	<b>\$8,204</b>	<b>\$6,604</b>	<b>\$10,774</b>	<b>\$12,439</b>	<b>\$6,057</b>	<b>\$8,343</b>
<b>Fund Reserve</b>	24.7%	32.4%	25.4%	13.4%	10.1%	8.9%	14.7%	12.2%	5.9%	8.3%

**Footnotes:**

<sup>1</sup> Most adjustments represent unspent contract dollars that revert to the Fund.

<sup>2</sup> Restricted revenue is revenue received from fines and penalties that must be expended on cleanup and abatement activities.

<sup>3</sup> Other revenue includes fines and penalties, interest from the state's pooled money investment fund, and escheat from unclaimed checks. Forecast years do not include Escheat or Penalties.

<sup>4</sup> Projected Salary Savings based on the Governor's Proposed Budget.

<sup>5</sup> Expenditures for the PALCO Defense Litigation

<sup>6</sup> Legislative Augmentation for Water Recycling

<sup>7</sup> Other state operations includes appropriations for Cal/EPA and the State Controller's Office.

## WDPF Budgetary Cost Drivers FY 2002-03 thru FY 2012-13

<b>Fiscal Year 2002-03</b>	
Retirement	\$331,000
Fund Shift	\$14,955,000
<b>Total</b>	<b>\$15,286,000</b>

<b>Fiscal Year 2003-04</b>	
BCPs (one-time and ongoing)	\$6,906,000
Fund Shift	\$13,620,000
Pro Rata	\$7,000
<b>Total</b>	<b>\$20,533,000</b>

<b>Fiscal Year 2004-05</b>	
Employee Comp	\$71,000
Retirement	\$1,904,000
General Fund Reduction	(\$2,216,000)
Pro Rata	\$335,000
<b>Total</b>	<b>\$94,000</b>

<b>Fiscal Year 2005-06</b>	
Employee Comp	\$1,710,000
Retirement	\$912,000
Pro Rata	\$585,000
<b>Total</b>	<b>\$3,207,000</b>

<b>Fiscal Year 2006-07</b>	
Employee Comp	\$1,178,000
Retirement	(\$293,000)
BCPs (one-time and ongoing)	\$9,500,000
Pro Rata	\$98,000
<b>Total</b>	<b>\$10,483,000</b>

<b>Fiscal Year 2007-08</b>	
Employee Comp	\$3,209,000
Retirement	\$386,000
BCPs (one-time and ongoing)	\$5,490,000
Pro Rata	(\$55,000)
<b>Total</b>	<b>\$9,030,000</b>

<b>Fiscal Year 2008-09</b>	
Employee Comp	\$2,748,000
Retirement	(\$29,000)
BCPs (one-time and ongoing)	(\$729,000)
Pro Rata	\$39,000
<b>Total</b>	<b>\$2,029,000</b>

<b>Fiscal Year 2009-10</b>	
BCPs (one-time and ongoing)	\$1,120,000
<b>Total</b>	<b>\$1,120,000</b>

<b>Fiscal Year 2010-11</b>	
Fund Shift	\$2,027,000
BCPs (one-time and ongoing)	(\$675,000)
Pro Rata	\$667,000
Retirement	\$159,000
<b>Total</b>	<b>\$2,178,000</b>

<b>Fiscal Year 2011-12</b>	
Fund Shift	\$21,495,000
Pro Rata	(\$195,000)
Retirement & Employee Benefits	(\$2,893,000)
<b>Total</b>	<b>\$18,407,000</b>

<b>Fiscal Year 2012-13</b>	
BCP - GAMA Fund Shift	\$233,000
BCP - Beach Monitoring	\$1,000,000
Pro Rata	-\$304,000
Retirement & Employee Benefits	\$129,000
<b>Total<sup>1</sup></b>	<b>\$1,058,000</b>

<sup>1</sup> Does not include one time cost reduction for PALCO of \$2,400,000 and \$700,000 for a legislative augmentation for Water Recycling that is supported by WDPF fines and penalty revenue.