

# Recycled Water Permits Fees Stakeholder Meeting

May 22, 2024



Division of Administrative Services – Fee Branch

# Staff Presentation

- Fee Development Timeline
- Recycled Water Permit and Fee Background
- Comments Summary
- Guiding Principles
- Updated Fee Options
- Open Discussion
- Next Steps

# Fee Development Timeline

- ~~April 18 – First RWP Stakeholder Meeting~~
- May 22 – Second RWP Stakeholder Meeting
- June 13 – Second Water Quality Fees Stakeholder Meeting
- August 1 – Third (Final) Water Quality Fees Stakeholder Meeting
- 2<sup>nd</sup> Sept Board Mtg – FY 2024-25 Fee Schedule Proposal

# Permitting Staff and Fee Authority

- Regional water boards' staff time to permit and perform ongoing case management on recycled water projects has been absorbed by existing National Pollutant Discharge Elimination System (NPDES) and Waste Discharge Requirement (WDR) program staff.
  - A WDR or NPDES permit takes up to 25% longer to write when non-potable recycling requirements are directly incorporated into the permit, and the existing fees are not commensurate with this workload.
- Prior to 2023, the Water Boards lacked authority to assess fees for individual Water Recycling Requirements (WRRs) or for the additional time and complexity associated with including recycling requirements directly in WDRs or NPDES permits.
- FY 23/24 Budget included a trailer bill to provide fee authority for recycled water permitting.
- FY 23/24 Water Supply Strategy Implementation Budget Change Proposal
  - Water Boards obtained 15 PYs for permitting recycled water projects.

# Establishing Fee Authority for Recycled Water Facilities

- Clean-up to Water Code sections 13260 and 13523 to provide explicit authority to assess fees for recycled water facilities to ensure adequate oversight and resources for timely permitting of recycled water projects.

# Comments Summary

## Spread the Fees Broadly

- In response, staff revised the proposed fee approach to distinguish between permits for recycled water production vs recycled water distribution and/or use.
- Staff is continuing to explore this option.

## Design flow is not representative of recycled water production

- In response, staff revised the proposed fee structure to categorize recycled water production permits by size based on the Volumetric Annual Report volumes.

## Duplicative Fees & Fee-for-Service

- In response, staff revised the proposed fee approach to distinguish between permits for recycled water production vs recycled water distribution and/or use.
- DDW's workload for review and approval of Title 22 Engineering Reports is separate and distinct from the regional water board workload to permit recycled water projects.

## Inequities in Proposed Fee Structure

- In response, staff revised the proposed fee structure options.
  - Recycled water production permits would be categorized by size based on the Volumetric Annual Report volumes.
  - Recycled water distribution and/or use permits would pay a de minimus \$2,000 annual fee.
  - Proposed size categories include a greater number of size tiers for stakeholder consideration (i.e., four or five tiers of size instead of three).

# Guiding Principles for WDPF Program Fees

- Revenue neutral
- Not a “Fee for Service” model
- Implementable statewide
- Indirect and redirected costs are added to direct program expenditures
- Minimize yearly swings



# Proposed Program Expenditures

Staff Workload	Statewide PYs	Annual Staff Costs
<ul style="list-style-type: none"> <li>Review and process recycled water permit applications and renewals, including updating permits to be consistent with recycled water regulations to protect public health and the environment.</li> <li>Conduct community engagement and outreach related to planning and promoting recycled water implementation. Communicate processes and activities required in permitting recycled water projects to interested parties.</li> <li>Coordinate with agency partners to assist in conservation efforts through sharing recycled water, drinking water, and wastewater data.</li> <li>Coordinate with the Division of Drinking Water, Division of Water Rights, Division of Water Quality, and interested parties on facility permits, consistent with Water Boards racial equity resolutions and related actions.</li> </ul>	<p>Statewide Total: 15 PYs</p> <ul style="list-style-type: none"> <li>Regional Board 1 - 1 PY</li> <li>Regional Board 2 - 2 PYs</li> <li>Regional Board 3 - 2 PYs</li> <li>Regional Board 4 - 2 PYs</li> <li>Regional Board 5 - 2 PYs</li> <li>Regional Board 8 - 3 PYs</li> <li>Regional Board 9 - 3 PYs</li> </ul> <p>Average Cost per PY: \$225,000</p>	<p>Total Staff Costs: \$3,375,000</p> <p>Target: \$3,375,000</p>

# Option D1: Fee by Volume and Distribution/Use

Fee based on reported three-year average of recycled water volume.

Recycled Water Volume Produced (AFY) <sup>1</sup>	Fee
> 10,000	\$40,000
> 5,000 to 10,000	\$20,000
> 1,000 to 5,000	\$15,000
≤ 1,000	\$7,000

Recycled Water Distribution and/or Use	Fee
Permits issued for recycled water distribution and/or use only	\$2,000

# Option D2: Fee by Volume and Distribution/Use

Fee based on reported three-year average of recycled water volume.

Recycled Water Volume Produced (AFY) <sup>1</sup>	Fee
> 30,000	\$80,000
> 10,000 to 30,000	\$30,000
> 5,000 to 10,000	\$20,000
> 1,000 to 5,000	\$14,000
≤ 1,000	\$7,000

Recycled Water Distribution and/or Use	Fee
Permits issued for recycled water distribution and/or use only	\$2,000

# Option E1: Fee by Volume and Type and Distribution/Use

Fee based on reported three-year average of recycled water volume and distinguishes between potable and non-potable.

Recycled Water Volume Produced (AFY)	Potable Fee	Non-Potable Fee
> 10,000	\$78,000	\$38,000
> 5,000 to 10,000	\$24,000	\$18,000
> 1,000 to 5,000	\$18,000	\$15,000
≤ 1,000	\$10,000	\$7,000

Recycled Water Distribution and/or Use	Fee
Permits issued for recycled water distribution and/or use only	\$2,000

# Option E2: Fee by Volume and Type and Distribution/Use

Fee based on reported three-year average of recycled water volume and distinguishes between potable and non-potable.

Recycled Water Volume Produced (AFY)	Potable Fee	Non-Potable Fee
> 30,000	\$75,000	\$65,000
> 10,000 to 30,000	\$51,000	\$26,000
> 5,000 to 10,000	\$28,000	\$20,000
> 1,000 and 5,000	\$20,000	\$16,000
≤ 1,000	\$10,000	\$7,000

Recycled Water Distribution and/or Use	Fee
Permits issued for recycled water distribution and/or use only	\$2,000

# Option D: Fee Example (High)

Fee based on reported three-year average of recycled water volume.

<b>Discharger A</b>	<b>FY 23-24 Fee</b>	<b>Proposed Fee</b>	<b>FY 24-25 Fee</b>
Option D1 (> 10,000 AFY)	\$904,107	\$40,000	\$944,107
Option D2 (> 30,000 AFY)	\$904,107	\$80,000	\$984,107

# Option E: Fee Example (High)

Fee based on reported three-year average of recycled water volume and distinguishes between potable and non-potable.

<b>Discharger B</b>	<b>FY 23-24 Fee</b>	<b>Potable Fee</b>	<b>FY 24-25 Fee</b>
Option E1 (> 10,000 AFY)	\$645,876	\$78,000	\$723,876
Option E2 (> 30,000 AFY)	\$645,876	\$75,000	\$720,876

<b>Discharger C</b>	<b>FY 23-24 Fee</b>	<b>Non-Potable Fee</b>	<b>FY 24-25 Fee</b>
Option E1 (> 10,000 AFY)	\$904,107	\$38,000	\$942,107
Option E2 (> 30,000 AFY)	\$904,107	\$65,000	\$969,107

# Option D: Fee Example (Low)

Fee based on reported three-year average of recycled water volume.

<b>Discharger D</b>	<b>FY 23-24 Fee</b>	<b>Proposed Fee</b>	<b>FY 24-25 Fee</b>
Option D1 ( $\leq 1,000$ AFY)	\$1,873	\$7,000	\$8,873
Option D2 ( $\leq 1,000$ AFY)	\$1,873	\$7,000	\$8,873



# Option E: Fee Example (Low)

Fee based on reported three-year average of recycled water volume and distinguishes between potable and non-potable.

<b>Discharger E</b>	<b>FY 23-24 Fee</b>	<b>Potable Fee</b>	<b>FY 24-25 Fee</b>
Option E1 ( $\leq$ 1,000 AFY)	\$30,000	\$10,000	\$40,000
Option E2 ( $\leq$ 1,000 AFY)	\$30,000	\$10,000	\$40,000

<b>Discharger F</b>	<b>FY 23-24 Fee</b>	<b>Non-Potable Fee</b>	<b>FY 24-25 Fee</b>
Option E1 ( $\leq$ 1,000 AFY)	\$1,873	\$7,000	\$8,873
Option E2 ( $\leq$ 1,000 AFY)	\$1,873	\$7,000	\$8,873



# Open Discussion

# Next Steps

- Feedback due by June 13 to [FeeBranch@waterboards.ca.gov](mailto:FeeBranch@waterboards.ca.gov)