September 16, 2021

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board (State Water Board)
1001 I Street, 24th Floor
Sacramento, CA 95814

SUBJECT: 9/21-22/2021 BOARD MEETING – ITEM 16 – Water Quality Regulatory Fee Schedule

Dear Ms. Townsend,

On behalf of the California Association of Sanitation Agencies (CASA), thank you for the opportunity to provide comment on Agenda Item #16, the Water Quality Regulatory Fee Schedule for FY 2021-22. CASA represents more than 125 public agencies and municipalities that engage in wastewater collection, treatment, recycling, and resource recovery. Our vision is to advance public policy and programs that promote the clean water community’s efforts in achieving environmental sustainability and the protection of public health. Our public agency members pay a variety of fees to support the Water Boards’ programs, such as NPDES or WDR fees for wastewater treatment plants, WDR fees for collection systems enrolled in the Sanitary Sewer System Waste Discharge Requirements Order, and other categories for activities that vary by agency.

With the economic insecurity introduced by the COVID-19 pandemic, CASA greatly appreciated the Board’s decision last year to select the middle option provided for the FY 2020-21 fee schedule (Figure 1). Given the potential destabilization of our members’ revenues and ongoing uncertainty due to the widespread economic impacts associated with COVID-19, we were grateful for the relief provided by that selection.

**Figure 1: FY 2020-21 Fee Schedule Options Before the State Water Resources Control Board**

This year, the proposed fee increases for the WDR and NPDES programs are 16.8% and 11.9%, respectively (Figure 2). These are very steep increases from a year-over-year perspective. In conjunction with last year’s increases, it represents a 25.3% increase for WDR fees and a 21.2% increase in NPDES fees. This pace is unsustainable for local public agencies and especially burdens disadvantaged communities due to the disproportionate impacts on their ratepayers.

**Figure 2: FY 2021-22 Fee Schedule Before the State Water Resources Control Board**
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This two-year lookback of recent water quality fee increases, however, does not fully represent the impact of recent and current trends in the Waste Discharge Permit Fund (WDPF). Over the last four years alone, WDR and NPDES have increased by approximately 50% (Figure 3), far outpacing the rate of inflation generally experienced in California.

<table>
<thead>
<tr>
<th>Year</th>
<th>WDR</th>
<th>NPDES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 - 2019</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>2019 - 2020</td>
<td>14.80%</td>
<td>13.40%</td>
</tr>
<tr>
<td>2020 - 2021</td>
<td>8.50%</td>
<td>9.30%</td>
</tr>
<tr>
<td>2021 - 2022</td>
<td>16.80%</td>
<td>11.90%</td>
</tr>
<tr>
<td>Total</td>
<td>49.60%</td>
<td>44.50%</td>
</tr>
</tbody>
</table>

**Figure 3: 2018 – 2022 Fee Increases**

This ~50% increase has resulted in significant cost impacts at wastewater agencies. Members are reporting five- and six-digit differences in fees that will have to be paid next year compared to the amounts paid just a few years ago. Such increases are disruptive to planning at agencies, and divert resources away from critical local services, including complying with new regulations and permits that have been adopted in recent years, which have overextended resources at numerous agencies. These budget impacts often have a disproportionate effect on smaller agencies because there are fewer customers between whom the costs are shared.

Moreover, the significant majority of the fee increases in recent years has been used to pay for overhead, other programs, and costs that do not correlate to increased levels of service for the fee payers. While there have been some programmatic cost drivers, only a small part of the new or expanded activities that have been funded result in greater WDPF program implementation and effectiveness. This is particularly frustrating for stakeholders who have to shoulder these large fee increases as opposed to having those resources go towards local operations and projects.

Over the course of this year, the State Water Board’s budget and finance staff have done an excellent job keeping stakeholders apprised of anticipated fee increases and the factors driving them. During the workshops, your staff have thoroughly explained the SWB’s accounting procedures, and we are grateful for them taking the time to walk us through these complex matters. While we understand the revenue holes which must be filled as a result of the adopted FY2022 State Budget, we think the recurring double-digit fee increases over the past several years (this year, especially) highlights the need to consider asking the Legislature for increased budget appropriations, particularly as they continue to adopt legislation prescribing new programs with financial impacts to the State Water Board.

In closing, we reiterate our dismay at further, sharp, double-digit increases in fees this year. Our preference is for lower and predictable increases year over year, which are more manageable than large, fluctuating, annual increases. In the coming months, CASA asks that the Board direct its staff to provide technical support to stakeholders to provide information that would help us educate the Legislature about the WDPF programs, sources of funding, and trends in fee increases. We look forward to that collaboration and will reach back out to your staff to coordinate. If there are any questions about these comments, please do not hesitate to contact me at (916) 446-0388 ext. 105 or jvoskuhl@casaweb.org.

Thank you,

Jared Voskuhl
CASA Manager of Regulatory Affairs

CC: Board Members, State Water Board
    Eileen Sobeck, Executive Director, State Water Board
    John Russell, Deputy Director, Division of Administrative Services, State Water Board