

# **ADWR Supplemental Funding Strategy**

# Supplemental Funding

- Goal of full cost recovery for permitting/licensing programs
- Assumes a continuing General Fund appropriation for other agency activities

# Today's Topics

- Amended SB1359
- Current Fees and Collected Revenues
- Traditional Rulemaking Timeline
- Stakeholder Feedback to Date
- Proposed Fees and Projected Revenues

*Making note of questions and comments as we proceed*

# **Amended SB1359 Only Does Three Things**

1. Establishes Water Resources Fund
2. Redirects fees currently going to General Fund to Water Resources Fund
3. Authorizes Director to use Dam Repair Fund to support dam safety program

# **Amended SB1359**

- No Emergency Implementation
- No Exemption to Traditional Rulemaking Requirements
- No New Fee Authorities

# Fees Currently Retained by ADWR

Assured & Adequate Water Supply	AAWS Fund
Well	NOI Fund
Dam Safety	Dam Repair Fund*

\*Dam Repair Fund may NOT be used to support dam safety program

# Average Estimated Annual Revenues Currently Retained by ADWR

- Total of \$1.14 Million

Assured & Adequate Water Supply	\$391K
NOI	\$640K
Dam Safety	\$110K*

\*Dam Repair Fund may NOT be used to support dam safety program

# Fees Currently Directed to General Fund

- Surface Water
- Groundwater Withdrawal Permits & Wells
- Water Exchanges
- Grandfathered Rights
- Substitution of Acres
- Underground Storage and Recovery
- Weather Modification

# Average Annual Revenues Currently Directed to General Fund

- Total of \$649K

Surface Water	\$20K
GW Permitting	\$610K
Recharge & Recovery	\$19K

# Traditional Rulemaking Timeline

- Open Docket with Secretary of State – Week of 2/22/10
- Notice of Proposed Rulemaking – Mar. 2010
- Public Hearing – May 2010
- Notice of Final Rulemaking – Jun. 2010
- GRRC Approval – Aug. 2010
- Rules become Effective – Oct. 2010

# Stakeholder Feedback to Date

- Why hourly charges for some fee-based activities and fixed fees for others?
- What is the basis of proposed fees?
- How will collected revenues be expended across Agency functions?

# Proposed Fees

- Hourly Fees
  - Wide Variability in Processing Times
  - Maximum Fee Caps
  - Transparency
- Fixed Fees
  - Little Variability in Processing Times

# Why Charge Hourly Fees? Why Not All Fixed Fees?

- Many permits have wide variability in complexity and related processing times  
*(2X to 8X difference for a single permit-type)*
- For full cost recovery, fixed fees must necessarily tend towards high end
- Fairness and equity for applicants

# PROPOSED HOURLY FEES

- Activities with Wide Variability in Processing Times
- Hourly Rate of \$118/hr of Processing Time
- Rate Application/Process for Complexity
- Maximum Fee Caps
  - Non-Complex Application = \$10,000
    - Analysis shows non-capped fees could exceed \$15,000
    - Efficiency improvements
  - Complex Application = \$80,000
    - Analysis shows non-capped fees could exceed \$96,000
    - Efficiency improvements

# **BASIS OF PROPOSED HOURLY RATE**

Hourly Rate = Total Program Costs  
Billable Hours

# **BASIS OF PROPOSED HOURLY RATE**

- **Total Program Costs**
  - Employee salaries plus benefits
  - Other program operating expenses
    - Professional services
    - Travel
    - Equipment, etc.
  - Indirect expenses
    - Rent
    - Utilities, etc.

# BASIS OF PROPOSED HOURLY RATE

- Billable Hours
  - Start with 52 weeks × 40 hrs/week
  - Subtract out
    - Non-program time
      - Vacation & sick leave
      - Training
      - Lost time due to employee turnover
      - Minor tasks, etc.
    - Non-billable program time
      - Customer service
      - Permit administration
      - Program development, etc.

# Basis of Proposed Fixed Fees

- Wells/Groundwater Permitting
  - Current Statutory Allowances
  - Applications that require no more than 3 hours
  - Transfer of Credits
  - Conveyance of Existing Permits

# Basis of Proposed Fixed Fees

- Surface Water Permitting
  - Reissuance of Surface Water Permit or Certificate –  
*Approx. 1 hour processing time*
- Dam Safety
  - Construction Permits – *Work directly related to project size*
  - Safety Inspections – *Work directly related to length of dam*
  - Review of Owner-Submitted Inspection Reports –  
*Approx. 6 hours processing time*

# **How will collected revenues be expended across Agency functions?**

- AAWS Fees will continue to support AAWS Program
- NOI Fees will continue to support NOI Program
- Dam Safety Fees will support Dam Safety Program
- Other fees will support required permitting/licensing programs

# Proposed Fees

## Annual Projected Revenues

- Total of \$5.9M to \$9.2M

Assured & Adequate Water Supply	\$1.8M to \$3.5M
Well/GW Rights	\$2.4M to \$2.9M
Dam Safety	\$400K to \$800K
Other	\$1.3K to \$2M

# NEXT STEP

- Consider today's stated concerns and comments and meet to discuss again.

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