

Staff Report

for the Administrative Practices Committee Meeting of November 22, 2019

TO: Administrative Practices Committee

FROM: Chip Close, Water Operations Manager
Keane Sommers, Hydroelectric Manager

DATE: November 18, 2019

SUBJECT: Budget Amendment – Increased Water Right Regulatory Fees

OPERATIONS

RECOMMENDATION ACTION:

Approve Budget Amendment Request No. 2019–133 transferring \$122,180 from the Water and Hydroelectric Fund Operating Reserves (34011) to budgets for regulatory fees in Water Operations (10171-52608) and Hydroelectric (50112-52608).

BACKGROUND:

On September 18, 2019, the State Water Resources Control Board (SWRCB) adopted, by resolution, an emergency regulation amending water rights fee schedules in title 23, section 1062, 1063, 1064, 1065, 1066, 1068, and 3833.1 of the California Code of Regulations. The changes were adopted under the guise of an emergency as the SWRCB claims it has a mandatory legal duty to assess fees by emergency regulation (Water Code 1525, 1530) for the immediate preservation of the public peace, health, safety, and general welfare.

A majority of the fee increases adopted are relatively small in comparison to last year's fees. However, a new fee was developed for pending water right petitions. The new petition fee adds \$0.40 per acre-foot to the previous \$1,000 fee for all petitions that were unable to complete the process within the year up to a maximum of \$10,000 per petition. Agencies who have provided all the information required to continue processing the petition; and where the SWRCB is unable to expend significant resources towards completion of processing, may qualify for a reduction in fees to \$500 per qualifying petition.

The District has 27 water right petitions pending before the SWRCB. District staff has worked diligently with the State on these petitions and has reached a point where completion of the petitions will need SWRCB hearing, a process the District cannot control. District staff was under the belief that the new fee would not pertain

to the District's petitions as the process is awaiting SWRCB action. Unfortunately, the recently received 2019 / 2020 invoices from SWRCB included nearly the maximum amount for each petition.

The District disagrees with these charges. However, per SWRCB direction, the District must pay the invoiced fees and file a Petition for Reconsideration to avoid penalties and interest charges while the Petition for Reconsideration is under review.

BUDGETARY IMPACT:

The new fees were not anticipated when the 2019 budget was developed. Therefore a budget amendment will be required to cover the costs.

The Operations Department budgeted \$70,000 in water right renewal fees for the 2019 budget. The actual 2019/2020 billed amount is \$150,577.41, which results in a shortfall of \$80,577.4.

The Hydroelectric Department budgeted \$150,000 in water right renewal fees for the 2019 budget. The actual 2019/2020 billed amount is \$191,592.38, which results in a shortfall of \$41,592.38

The table below provides details on last year's water right fees as compared to the 2019/2020 billing received.

Operations Water Rights	2018 / 2019 Fees	2019 / 2020 Fees
1270	\$10,765.48	\$21,408.78
1614	\$5,604.27	\$15,399.15
1615	\$3,888.51	\$13,401.34
2276	\$4,604.27	\$5,399.15
2652A	\$1,136.77	\$1,361.65
2652B	\$6,969.27	\$15,824.15
5193	\$4,874.27	\$14,549.15
6229	\$4,942.62	\$14,628.74
6529	\$473.32	\$589.14
6702	\$581.19	\$714.74
8177	\$339.61	\$433.45
8180	\$16,400.60	\$27,970.22
20017	\$8,608.95	\$18,897.75
Total	\$69,189.13	\$150,577.41

Hydroelectric Water Rights	2018 / 2019 Fees	2019 / 2020 Fees
2275	\$2,381.28	\$9,119.75
2372	\$4,619.92	\$14,226.38
4309	\$2,207.72	\$2,582.04
4310	\$2,065.03	\$2,415.89
6701	\$298.16	\$358.57
8178	\$1,232.36	\$1,446.35

8179	\$225.00	\$300.00
15525	\$2,699.66	\$3,154.85
20072	\$2,162.28	\$7,664.75
21151	\$16,810.27	\$19,585.01
21152	\$8,787.59	\$10,243.53
24983	\$13,617.73	\$24,703.29
26866	\$15,922.39	\$18,551.17
27132	\$3,728.97	\$13,188.97
27559	\$7,596.13	\$17,691.83
FERC2266	\$40,009.60	\$46,360.00
Total	\$124,364.09	\$191,592.38

To cover the anticipated costs, staff is requesting a budget transfer of \$122,180.00 from the Water and Hydroelectric Operating Reserves (34011) to the regulatory fees budgets for Water Operations (10171-52608) and Hydroelectric Administration (50112-52608).

Pursuant to Budget Amendment Policy 3100.2, the Administrative Practices Committee (APC) can approve budget amendments up to an annual cumulative amount of \$1,000,000. The current amount of budget amendments approved by APC in 2019 is \$65,290. Upon approval of this item, the approved balance will be \$187,470.

This item is in alignment with Goal Numbers 1 and 3 of the District's Strategic Plan, as it supports ongoing proactive management and control of the District's valuable resources.

Attachments (1):

- Budget Amendment Request No. 2019-133



**NEVADA IRRIGATION DISTRICT
BUDGET AMENDMENT REQUEST**

Request Number

Req. No BA 2019 - 133

Date: 11/19/2019
 To: Remleh Scherzinger, General Manager
 From: Chip Close, Keanne Sommers, Department Managers Initial _____

Budget Transfer: Enter Operating/Capital Expenditure or Revenue line items.

Department	Object / Account	Increase/(Decrease)

Budget Increase: Enter Operating/Capital Expenditure or Revenue line items.

Department	Object / Account	Increase/(Decrease)
10171 Water Operations	52608 Fed/St/Co Fees	\$ 80,580.00
50112 Hydro Administration	52608 Fed/St/Co Fees	\$ 41,600.00

Division Fund	Funding Account	Increase/(Decrease)
10 Water Fund	34011 Operating Reserve	\$ (80,580.00)
50 Electric Fund	34011 Operating Reserve	\$ (41,600.00)

Explanation: Enter narrative explaining reason for amendment.

Increases in water right regulatory fees.

APPROVALS:

	<u>Date</u>	<u>Signature</u>	<u>AGM/FM Initials</u>	<u>Approved/Denied</u>
Level I:				
Level II:				
Level III:				