



# CLEAN WATER FEE BILL STAKEHOLDER MEETING MAY 18, 2016



# Wifi and adobe connect

- CDPHE campus wifi
  - Network: HealthyColorado
  - ID is **guest**, passcode is **Public\$ervice**
- Conference call in  
1-857-216-6700 / Code 820116
- Adobe Connect meeting info  
<https://cdphe.adobeconnect.com/wqcdfees/>

# Agenda

CW fee discussion webpage:  
[www.colorado.gov/cdphe/  
clean-water-fee-structure-discussion](http://www.colorado.gov/cdphe/clean-water-fee-structure-discussion)

- Clean water fee bill process - overview of 3 phases
- Clean water program budget overview
- Clean water sectors revenue and expenditure tracking
- Policy and legislative proposal discussion
- Next steps



# CLEAN WATER FEE BILL PROCESS OVERVIEW

# Clean Water Fee Bill Process Overview

## Phase I: 2014 Stakeholder Process

- Developed sectors
- Discussed policy issues
- HB15-1249

## Phase II: 2015- 2016 Data Collection

- Expenditures and revenue tracking by sector

## Phase III: Policy recommendations and legislative proposal

- HB16-1413
- November 1, 2016 deadline

# Phase 1 – 2014 Stakeholder Process Policy Discussion Summary

- Fees in statute.
- Fees reviewed every 5 years.
- Sector based expenditure and revenue tracking.
- General Fund.
- Support for fees for construction, pesticide and water quality certification sectors.
- Direction for increased transparency with revenue/expenditure tracking.

# HB15-1249 Summary

- Developed six fee sectors
  - Commerce and Industry
  - Construction
  - Public and Private Utilities (incl. MS4)
  - Water Quality Certifications
  - Pesticides
- Created new fees for three sectors
  - Construction
  - Water Quality Certifications
  - Pesticides
- Reporting requirements

# JBC Staff Budget Briefing FY 2016-17

## Clean Water Fees Recommendations

- Separate cash fund for each sector.
- Statutory funding ratio - General Fund/cash fund for each sector.
- WQCC set fees based on statutory funding ratios, effective July 1, 2017.
- Portion of excess uncommitted reserve transferred from WQIF to General Fund.
- Appropriate a yet to be determined amount of General Fund monies to sectors to (1) keep sectors whole and (2) compensate for the delay between effective date of fees and generation of revenue.

# HB16-1413

*During the 2016 interim, the department shall conduct a stakeholder process regarding the appropriate and necessary fees that each subcategory of each sector should pay to enable each sector to be adequately funded by fees collected from that sector. The department shall submit a legislative proposal to the Joint Budget Committee by November 1, 2016, concerning its conclusions regarding the fees.*

# CDPHE Budget Schedule

- Late June - requests due to CDPHE budget office.
- August 1 - requests due to OSPB.
- Mid-August - CDPHE completes final review of requests.
- September 1 - final request due OSPB.
- November 1 - Final request due to JBC.

# Meeting Plan

## Meeting 1

- Informational meeting.
- Policy proposal and discussion.

## Meeting 2

- Discuss feedback.
- Develop policy recommendations.
- Discuss legislative proposal.

## Meeting 3

- Discuss feedback.
- Finalize policy recommendations.
- Finalize legislative proposal.

# Feedback Process

## Mtg 1

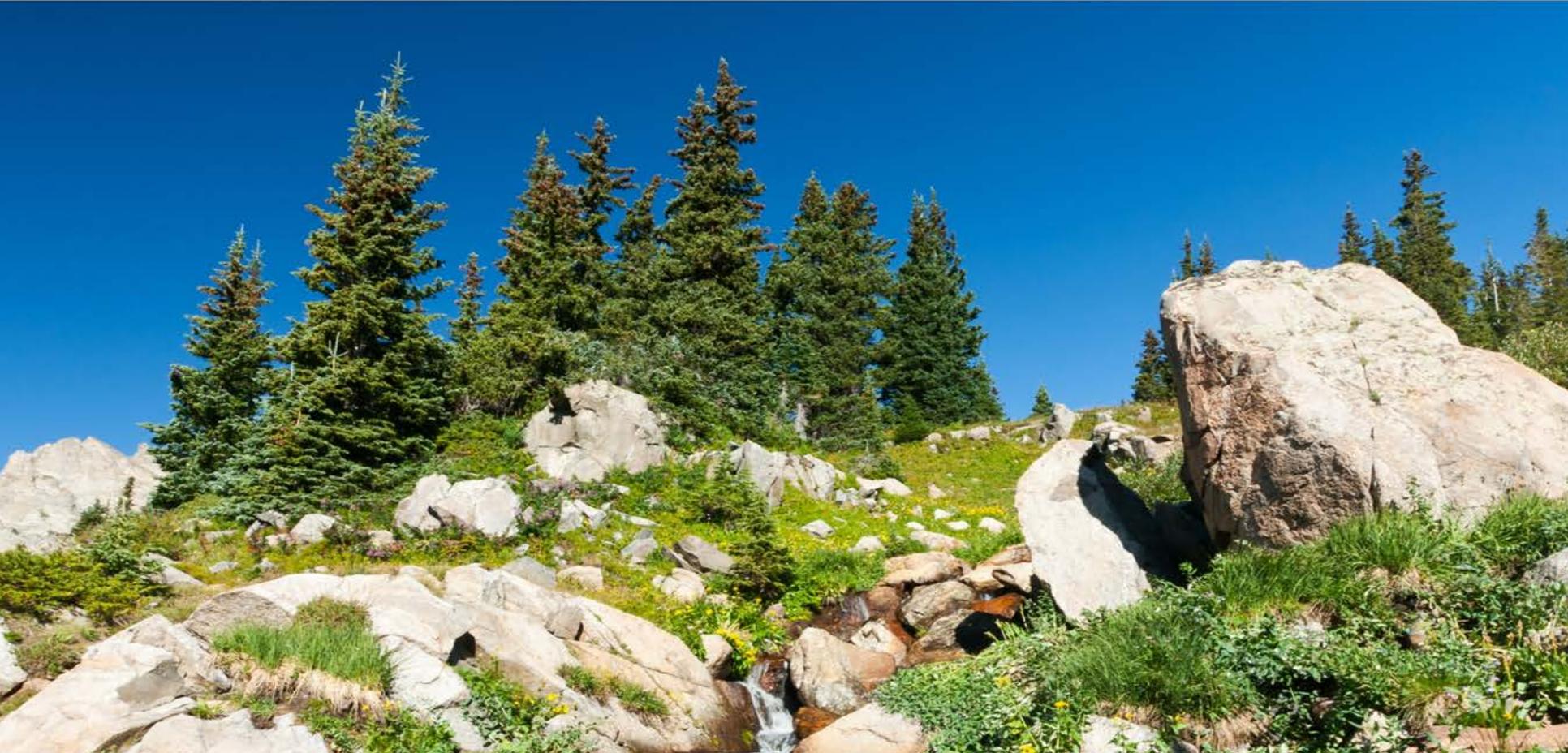
- Online comment form
- Will be basis for second meeting

## Mtg 2

- Online survey focused on policy recommendations and legislative proposal
- Will be basis for third meeting

## Mtg 3

- Finalize policy recommendations and legislative proposal

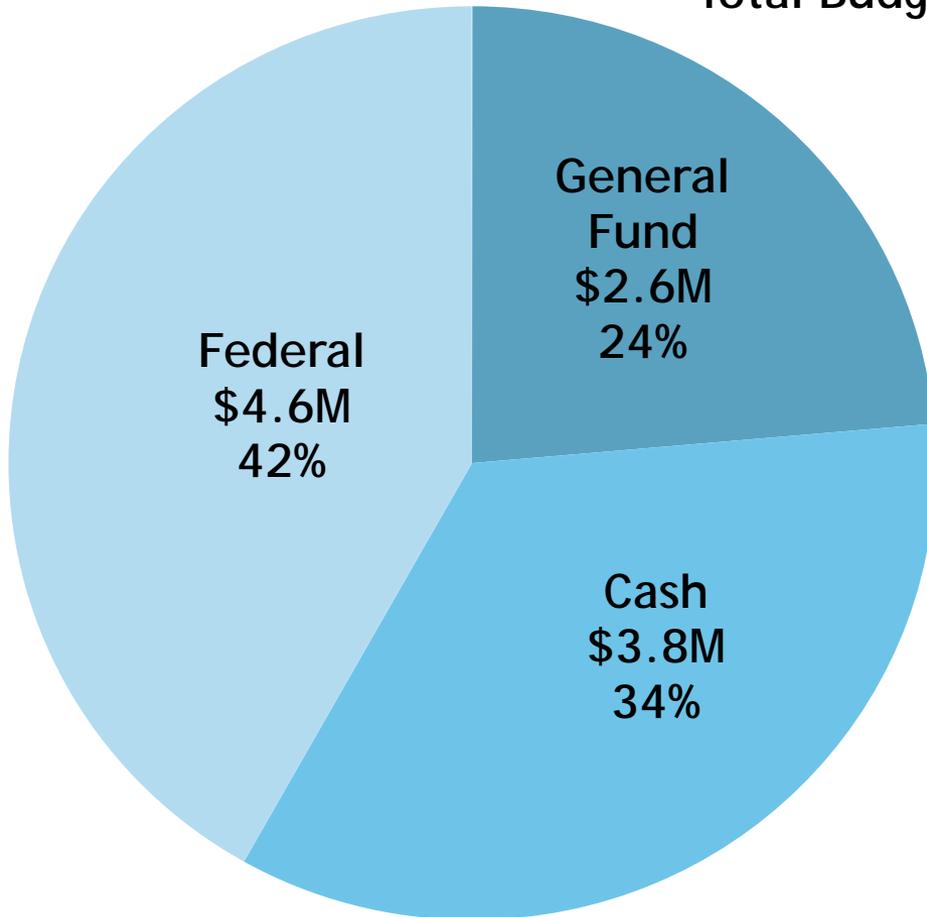


# CLEAN WATER PROGRAM BUDGET OVERVIEW

# Clean Water Program Funding Sources

FY2016-17 Budget from HB16-1405 and HB16-1413

Total Budget = \$12.2M

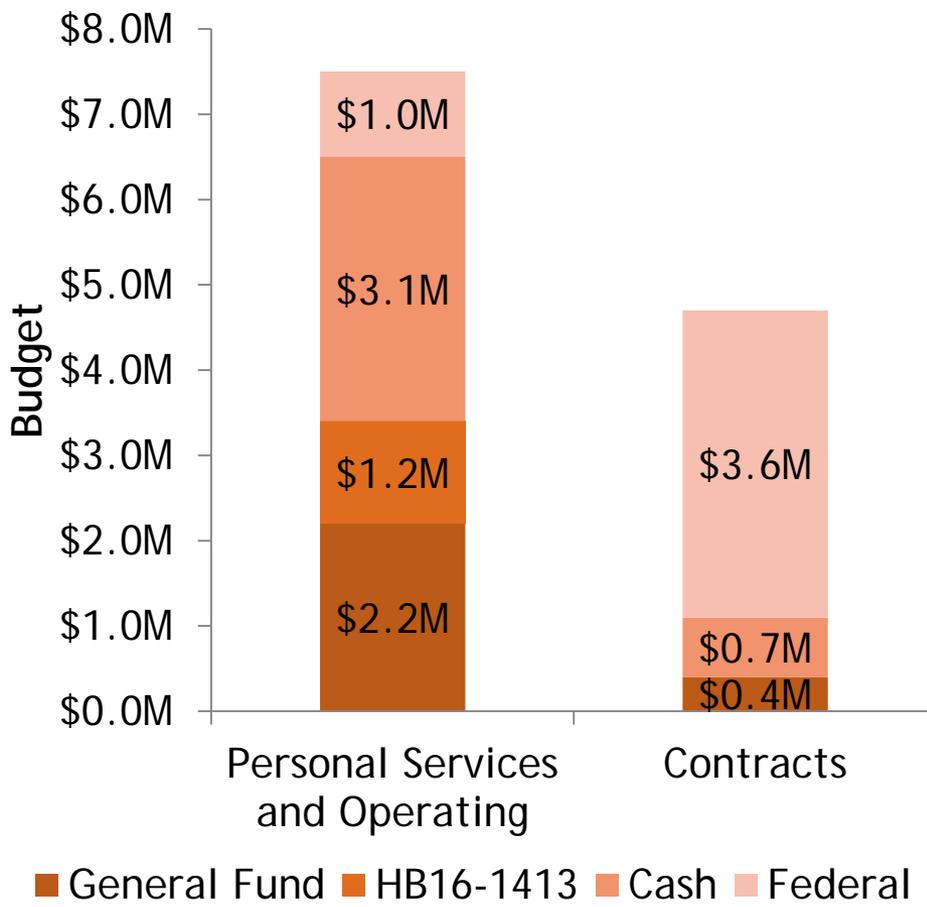
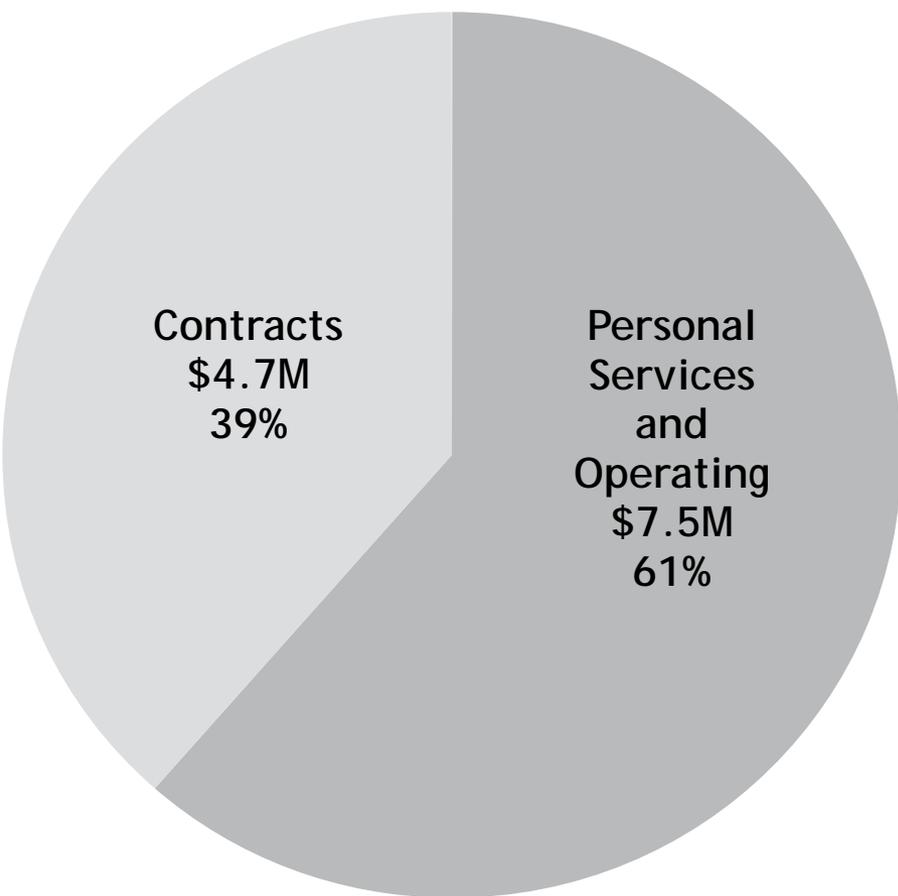


*Total budget for Clean Water Sectors for FY 2016-17 includes a one time transfer of \$1.2M from the Division's Water Quality Improvement Fund to the General Fund.*

# Clean Water Program Funding

SFY 16-17 Budget from HB16-1405 and HB16-1413

Total Budget = \$12.2M



# HB16-1413 Summary

## General Fund Appropriation

Sector	General Fund Appropriation
Commerce and Industry	\$362,402
Municipal Separate Storm Sewer System	\$60,400
Public and Private Utilities	\$785,205
Total	\$1,208,007



# SECTOR REVENUE AND EXPENDITURE TRACKING

# Sector Revenue and Expenditure Tracking Summary

- Cash revenue exceeded budget cash revenue - first 3 quarters of FY15-16.
- Actual expenditures > budget amounts (General Fund, cash fund, federal fund).
- To assist deficit -
  - Use 1<sup>st</sup> quarter next FY federal allocation
  - Keep vacancies open
  - Redirect work to other funding sources
  - Reduce travel and operating.



# POLICY DISCUSSION

# CDPHE Policy Recommendations

- Fees remain in statute.
- Fee structure and services remain the same.
- Develop sector specific fee changes based on General Fund/cash ratios.
- Fee changes based on 5-year fee forecast and would need review for FY 2022-23.
- Develop a 2-month reserve or 16.5% fund balance by sector over 5-year period.

# Policy issues for further discussion

- Effective date for fee changes.
- Phased fee increases.
- General Fund.
- Post FY 2021-22 process.

# Five Year Forecast - Overview

- Used FY 2016-17 spending authority based on HB16-1405 and HB16-1413 as baseline.
- Escalated cash fund and General Fund spending authority based on consumer price index over 5-year period (FY2017-18 to FY2021-22).
- Developing a two month reserve or 16.5% cash fund balance over 5 year period.
- Averaged the forecasted 5 years.

# Starting Scenario for Discussion Purposes - Based on 2015 JBC Staff Recommendations

Clean Water Sectors	General Fund/Cash Funds Ratio
Commerce and Industry	25%/75%
Construction	25%/75%
MS4	75%/25%
Pesticide	50%/50%
Public/Private Utilities	75%/25%
WQ Certification	25%/75%

# Policy Discussion Tool

- Modify cash fund/General Fund ratio at sector level.
- Resulting fee changes by sector calculated.



# NEXT STEPS

# Next Steps

- Providing feedback
  - Talk to us.
  - Online comment form available on stakeholder webpage (May 25)
- Next meetings
  - July 19 (afternoon)
  - August 4 (afternoon)

[www.colorado.gov/cdphe/  
clean-water-fee-structure-discussion](http://www.colorado.gov/cdphe/clean-water-fee-structure-discussion)

# Contact information

Nicole Rowan                      303.692.6392

Meghan Trubee                      303.692.6351

CW fee discussion webpage

[www.colorado.gov/cdphe/  
clean-water-fee-structure-discussion](http://www.colorado.gov/cdphe/clean-water-fee-structure-discussion)

