



June 25, 2019

Water Rights Division  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814

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Division V

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JEFF BROWN  
Director  
Division VII

RICK GILMORE  
General Manager  
Secretary

Dear Water Rights Division Staff:

Byron-Bethany Irrigation District (BBID) submits this letter in response to the State Water Resources Control Board's (State Water Board) request for comments regarding the proposed water rights fees for fiscal year 2019-20. BBID holds a contract with the U.S. Bureau of Reclamation for Central Valley Project (CVP) water and is annually assessed a water rights fee for its allocation under the CVP contract. Accordingly, BBID closely follows the State Water Board's annual stakeholder meetings regarding changes to the water rights fees schedule.

On June 11, 2019, the State Water Board held a water rights fees stakeholder meeting at which it proposed four options to increase the water right permit, license, and application fees. The Division of Water Rights developed these options with the goal of covering its expenditures and having a 5 percent fund reserve for fiscal year 2019-20. All four options propose increasing the acre-foot charge, the permit or license base fee, or both. All four options result in a predicted total revenue between approximately \$27.3 million and \$27.5 million.

Of course, BBID would prefer no increase in water rights fees for fiscal year 2019-20. The Division of Water Rights already operates on a budget that has exceeded \$40 million for the last several years. Additional growth is unnecessary and should be supported by the general fund instead of water rights fee payers.

However, choosing from the options presented by the State Water Board in the materials for the June 11, 2019 stakeholder meeting, BBID prefers Option 4. Option 4 proposes increasing the per acre-foot charge from \$0.073 to \$0.085 and increases the permit or license base fee from \$225 to \$300. Of the four options, Option 4 proposes the smallest increase (16 percent) to the acre-foot charge and the largest increase (33 percent) to the base fee.

BBID prefers Option 4 because it would be a more fair allocation of the costs that are driving the fiscal year 2019-20 budget. First, as discussed briefly at the June 11, 2019 stakeholder meeting, it is anticipated that the new Administrative Hearings Office will be used primarily by smaller water rights holders. The water rights fees are currently structured so that larger water rights fees holders support a large majority of the Water Rights Fund, which supports the Administrative Hearings Office.

In order to avoid a situation in which larger water rights holders would be the primary financial support for an office they didn't use, it would be the most equitable to require each fee payer to pay a higher base fee to support the Administrative Hearings Office. This allows for a reduced per acre-foot fee, which disproportionately affects large water rights holders, regardless of their burden on the State Water Board.

Second, fee payers should bear the proposed cost adjustment for employee compensation and retirement as equally as possible. State Water Board employee compensation and benefits are not services or products given to a particular fee payer, so the cost should not be borne by one fee payer over another. The amount of acre-feet in a fee payer's water right should not impact how much the fee payer should pay to cover state employee compensation and benefits. Thus, Option 4 again reflects a more fair allocation of the costs than the other proposed options.

While BBID prefers no increase in the water rights fees, of the four options presented at the June 11, 2019 stakeholder meeting, BBID prefers Option 4 because it more fairly allocates the costs imposed on fee payers. Thank you for considering BBID's position.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Rick Gilmore". The signature is fluid and cursive, with a large initial "R" and "G".

BYRON BETHANY IRRIGATION DISTRICT  
Rick Gilmore  
General Manager