

Iowa Department of Natural Resources Environmental Protection Commission

Decision Item

Topic: Water Supply – Water Use & Allocation Annual Permit Fee

The Commission is asked approve the Water Use and Allocation Program annual permit fee of \$95.00 per permit for SFY 2020.

Background

Water use permits are required of any person or entity using 25,000 gallons of water in a single day during the year, and are issued for a period of up to 10 years. Iowa Code §455B.265(6) authorizes the Department to charge a fee for the permits and to collect up to \$500,000 per year through these fees. The fee is required to be based on the Department's "reasonable cost of reviewing applications, issuing permits, ensuring compliance with the terms of the permits, and resolving water interference complaints." There are two types of fees in the Water Use and Allocation Program: an application fee and an annual permit fee. This request is for the determination of the annual permit fee for SFY 2020.

The annual permit fee rule, adopted in 2009, is summarized below, and includes the changes from last session's legislative change (SF409) to allow the department to review the past and next fiscal years so as to reduce the fee fluctuation:

- Each year, the Commission is asked to set the annual permit fee based on the costs for administering the water use program for the previous calendar years and on the budget for the next fiscal years.
- The department reviews the annual permit fee each year and adjusts the fee as necessary to cover all reasonable costs required to develop and administer the water use permitting program.
- The annual permit fee is based on the number of active permits.
- Each permit holder pays the same annual permit fee.
- The fee is not prorated and is nonrefundable.
- The department requests Commission approval of the amount of the annual permit fee no later than September 30 of each year.
- The annual permit fee due date is December 1st; 60 days prior is October 1st.
- The annual permit fee history: \$135 in 2010-2011, \$95 in 2012, \$66 in 2013-2014, \$99 in 2015-2016, \$66 in 2017, and \$134 in 2018-2019.

Stakeholder Meeting and Fee Analysis

At the Water Use Stakeholder meeting on July 24, 2019, the program's activities and budget were reviewed for the past and future years. In the 2020 budget, there are 4.0 FTE staff persons and database and equipment needs. There is possible additional staff time in future years for on-site technical assistance. The budget less the average application fee, anticipated general fund, and carryforward was used to determine the annual fee. The department proposed a \$95.00 annual fee in order to have more

stability in budgeting and less annual fluctuation of the fee. All fee monies are held in the water use permit fund to be used for the water use and allocation program needs.

Annual Permit Fee Calculation:

A. Budget – Average application fee revenue – Anticipated General Fund – Carryforward spent = Annual permit fee revenue

$\$595,945 - \$50,000 - \$178,784 - \$53,186 = \$313,975$ for annual permit fee revenue

B. Annual permit fee revenue/number of active permit holders that would pay fee in 2020 = Annual permit fee per permit holder

$\$313,975 / 3,305 = \95.00 per permit holder

Therefore, a \$95.00 annual water use permit fee was proposed by the department for SFY 2020. The stakeholder members participating in the meeting supported that proposal.

Based on the budget and stakeholder input, the annual water use permit fee for SFY 2020 should be \$95.00.

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