Central Valley Flood Protection Board Proposed Regulations for 2025 Regulatory Fee Updates

INITIAL STATEMENT OF REASONS

BACKGROUND AND AUTHORITY

The Central Valley Flood Protection Board (Board) is responsible for the protection of the flood control system within its jurisdiction in the Central Valley. A major portion of this responsibility is the regulation of any work that may negatively affect the intended functions and operations of an adopted plan of flood control, which includes state plan of flood control, regulated streams, designated floodways, and areas with flowage easements and other property rights within Sacramento and San Joaquin Drainage District (SSJDD). Board issues encroachment permits, authorizes work on the flood control system, and routinely inspects and enforces standards outlined in the California Code of Regulations, Title 23, Waters, Division 1 (Title 23). The Board's authority to carry out its duties is pursuant to Sections 8534, 8608, and 8710-8723 of the California Water Code.

The Board's operational costs are funded primarily through the State's General Fund. The General Fund is appropriated through the annual Budget Act. In the past 10 years, the legislature has intended for the Board to develop a long-term funding plan to reduce the amount of General Fund it requires to carry out its regulatory and statutory obligations. Part of Board's funding plan is to update its fees from those implemented in 2019.

The Board has the authority under California Water Code Section 8535 to collect fees:

"Consistent with Section 3 of Article XIII A of the California Constitution, the board, after holding at least one public hearing, may set and charge fees sufficient to cover the reasonable cost for the services it provides in carrying out its duties set forth in Sections 8502 and 8534, including, but not limited to, the issuance of and modifications to encroachment permits, inspections and enforcement of encroachments, and management and control of Sacramento and San Joaquin Drainage District property."

PROBLEM TO BE ADDRESSED

Permit and Inspection fees were originally enacted on July 1, 2019, and have not been updated since that time. Increased costs of providing regulatory and flood control services and the Board's goal of reducing its reliance on the General Fund, make an update to Board's fees necessary. This update also requires the Board to begin collecting fees for services for which fees are not currently charged.

SUMMARY OF PROPOSED REGULATION

The proposed regulations are contained in proposed Title 23, Section 4, Section 8, Section 8.1, and Appendix B. The existing fees are intended to be updated for those seeking new encroachment permits, minor alteration authorizations, name change updates, maintenance requests, and associated construction inspections. The newly proposed fees are for time

variance requests, plan revisions, SSJDD property management actions, and flood system improvement projects. The fees are based on the type of encroachment or action requested by an applicant and are associated with the costs to provide necessary regulatory functions.

Necessity and Purpose of Each Provision

Title 23, Section 4, Definitions.

- (m) It is necessary to differentiate an encroachment from a flood system improvement project that is intended to maintain or improve the intended functions or operations of flood control system.
- (n) It is necessary to add a definition for Flood System Improvement Projects to clarify the type of work classified under this category to apply the appropriate fees as described in Section 8.1
- (b)(9). Flood system improvement projects have a primary purpose to restore, maintain, or improve a flood control system, as distinct from an encroachment upon the adopted plan of flood control.

Title 23, Section 8, Applications.

- (a) The Board currently accepts the standard application form electronically (via email, etc.) to maintain efficient operations. Therefore, it is necessary to remove the requirement for filing four copies with the Board to align with the Board's efforts to reduce unnecessary paper copies of the application. Applications are generally submitted electronically and saved into a database, and electronic copies are provided as needed to local and federal agencies, obviating the need for four hard copies.
- (d) This section will be removed and addressed in Section 8.1.
- (e) This section will be removed and addressed in Section 8.1.
- (f) This section will be removed from the fee schedule based on public feedback and lack of clear routine inspection regulations and requirements.

Title 23, Section 8.1, Fees.

- (a) It is necessary to provide the current fee schedule on the Board's website and for the fees to be publicly available to allow applicants to understand the current fees required for their proposed projects. This section allows the fees to be updated with a public input and approval process while avoiding having to update the California Code of Regulations every time there is a fee adjustment.
- (b)(1). Permit Application Review Fees.

Updates to the permit application review fees are necessary to address the costs of providing technical review and approvals that Board is mandated to perform. The current fees are static and do not account for the different methods of approval, agencies involved, and technical complexity. Because of this, Board staff developed an updated system of permit application review fees based on an equation that takes into consideration the level of complexity and time required for staff and Board members to review and process various types of permit applications. The equation is detailed in the Basis for Fee Calculations section below, and is listed in Appendix B.

(b)(2). Maintenance Activity Concurrence Review Fees.

Maintenance Activity Concurrence Review fees are necessary to address the costs of providing technical review and concurrence for proposed activities that the Board is required to regulate as provided in Section 6 (d). The fees are due when the request is made to avoid delays in processing a request.

(b)(3). Minor Alteration Request Review Fees.

Minor alteration request review fees are necessary to address the costs of providing technical review and response for proposed activities that the Board is required to regulate as provided in Section 6 (e). The fees are due when the request is made to avoid delays in processing a request.

(b)(4). Name Change Request Fees.

Name change request fees are required to address the costs associated with issuing a revised permit to a new permittee as ownership of the property associated with the permitted encroachment(s) has changed as provided in Section 6 (b). The fees are due when the request is made to avoid delays in processing a request.

(b)(5). Construction Inspection Fees.

Construction Inspection fees are necessary to perform construction inspections to verify that permit conditions and approved plans are being adhered to by the permittee. As with permit fees, current construction inspection fees are static and do not account for rising program operating costs. The basis for the proposed fee is detailed in the Basis for Fee Calculations section below.

(b)(6). Time Variance Request Review Fees.

The purpose of the proposed regulation is to recover a portion of the costs required to evaluate requests to continue work during the flood season as allowed in Section 112 (a)(2). The basis for the proposed fees are detailed in the Basis for Fee Calculations section below.

(b)(7). Plan Revision Fees.

The purpose of the proposed regulation is to recover a portion of the costs required to review plan revisions after permit approval as described in Section 18(b). The basis for the proposed fee is detailed in the Basis for Fee Calculations section below.

(b)(8). Sacramento and San Joaquin Drainage District Fees.

The purpose of the proposed regulation is to recover a portion of the costs associated with property management for the Sacramento and San Joaquin Drainage District (SSJDD). These requests may include the execution of temporary entry permits, licenses, and fees associated with conveying Real Property rights pursuant to California Water Code §8502 and §8535. The basis for the proposed fee is detailed in the Basis for Fee Calculations section below.

(b)(9). Flood System Improvement Project Fees.

The purpose of the proposed regulation is to reduce reliance on the State of California General Fund by recovering a portion of costs related to staff time associated with review, oversight,

compliance, and close-out of projects which require permits from the Board. In most cases, projects such as levee setbacks, seepage cutoff walls, seepage berms, and other improvements to project works span multiple years. Additionally, staff continue to support these projects after permit issuance by assisting with revision in plans, change order request reviews, operation and maintenance (O&M) manual review and coordination, "as-built" review, real estate transactions, and transferring the project responsibilities to the Local Maintaining Agencies through development of assurance agreements. The proposed method to calculate fees for these types of projects is detailed in the Basis for Fee Calculations section below.

(c) Fee Updates and Modifications

It is necessary to allow fees to be reviewed and modified periodically to account for changing costs that the Board incurs to implement the required regulations. Since the effects of these fees are of public interest, the Board will be required to adopt fee updates through approval at a publicly held Board meeting, in which the public will be allowed to comment.

- (c)(1). It is also necessary to base any changes to the fees on annual Budget Price Letters issued by the California Department of Finance, such that the fees are tied to a publicly shared cost index.
- (c)(2). It is also necessary to periodically evaluate and update the factors used in the determination of fees such as the technical review factor, approval method factors, and others to align future fee updates with costs to implement these actions.
- (d) Waivers, Refunds, and Alternative Payment Methods
- (d)(1). The purpose of the proposed regulation is to provide rules that allow variations for the fees from the standard fee collection procedures. The proposed regulations are clear that a total waiver of fees is not allowed. However, the proposed regulations provide for other variations in fees as follows:
- (d)(2). Refunds are included to provide fairness for applicants. If a mistake is made by Board staff in calculating the required fee, then the proposed regulations allow for refunds. Additionally, if an applicant withdraws its application prior to Board staff completing its 30-day completeness review, then the fee shall be refunded.
- (d)(3). The proposed regulation would also allow Board staff to substitute a funding agreement for permit application review fees and construction inspection fees. Fees would be waived or exempted and replaced with a funding agreement. The funding agreement would provide necessary funding for Board staff to complete review of applications and provide necessary construction inspections.

BENEFITS OF PROPOSED REGULATION

The proposed regulation will generate revenue for the Board's programs to help it become more sustainable and to provide better service to the regulated communities and the State at large. The fee amounts reflect the benefits of regulation to both the local economy, residents, and environment, as well as to the entire State. Those programs contribute to the reduction of flood risk by regulating the types of activities that occur on and around the flood control system in the Central Valley and help document compliance with those regulations by identifying issues earlier, allowing them to be corrected before they become emergencies.

Adoption and implementation of these proposed regulations will enhance current efforts to generate revenues to cover a portion of the costs to reduce the burden on the State's General Fund.

BASIS FOR FEE CALCULATIONS

Permit Application Review Fees

The original fee structure enacted in 2019 was solely based on permit category. Since the adoption of fees in 2019, the Board has determined that the regulatory process and permitting procedures and methods as outlined in Title 23 are also significant cost drivers along with category-specific technical review requirements. Therefore, Board staff developed an equation that reflects the varying factors contributing to the costs incurred to review, approve, and issue a permit. All the following fee factors are based on a proposed application base fee (*B*) of \$1,000, which will be due upon submission of a permit application, and an Activity Fee that is due prior to permit issuance. The equations for the Activity Fee and factors are listed in an updated Appendix B.

The Activity Fee $= (B * C_r * T_a) + (B * F) + (B * A) + (B * V)$. The following variables influence the Activity Fee portion of permit application review fee:

- **Encroachment Category:** The existing fee schedule's encroachment categories remain in use, with slight adjustments to definitions and groupings for better clarity and efficiency.
- Category Review Factor (C_r): The category review factor is determined based on the encroachment category and any applicable sub-category. The C_r reflects the fact that not all encroachment categories require the same level of technical review. For instance, an application for a swimming pool within the Board's non-federal designated floodway generally requires less technical review, from a risk perspective, than one located adjacent to a federal levee. These category review factors, ranging from 0.1 to 3.0, are applied to the technical review process to reflect varying levels of complexity.

Process Activity Factors

The following proposed factors describe the activities associated with processing a permit. Each of the factors are multiplied by the base fee and added together to determine the final permit application fee amount.

- o Technical Review (T_a): This represents the level of technical review, which includes engineering, real estate, environmental, and legal review activities. The amount for this portion of the fee is calculated as the base fee (B) multiplied by the category review factor (C_r) and the proposed technical review factor (T_a).
- Section 408 Federal Coordination (F): If the permit application requires the U.S. Army Corps of Engineer's (USACE) Section 408 authorization review, this adds additional tasks including, but not limited to, preparation of transmittals, coordination with Section 408, and communication by Board staff before a permit can be issued. This portion of the fee is calculated as the base fee (B) multiplied

by the Federal 408 Coordination Factor (F). If Section 408 review is not required, F = 0.

- Permit Approval Method (A): Board permits are approved through one of three ways, 1) Executive Officer (EO) delegation pursuant to Section 5 (b), 2) Board action for applications without variance, and 3) Board action for applications with variance. The EO delegated process is generally less time-consuming than application requiring Board action. This portion of the fee is calculated as the base fee (B) multiplied by (either EO delegation factor (A_{EO}) or Board approval factor (A_B)).
- Variance/Waiver Request (V): Pursuant to Section 11, when a variance or a waiver to Title 23 standards is requested, additional analysis is required beyond the normal Board Action/Evidentiary hearing process. This includes preparation of Board hearing material and coordination with the applicant before making a recommendation for Board approval. This portion of the fee is calculated as the base fee (B) multiplied by the variance/waiver factor (V). If no variance/waiver is requested, V = 0.

If there are multiple encroachments proposed on a single permit application, only the encroachment with the highest C_r will be utilized. This remains unchanged from the current approach. The total permit application fee calculated by type of encroachment with subcategory is as follows:

$$Permit\ Application\ Fee\ Amount = Base\ Fee + Activity\ Fee$$

$$= B + [(B * C_r * T_a) + (B * F) + (B * A) + (B * V)]$$

The fee is intended to be adjusted periodically, beginning in State Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for All Urban Consumers, as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Additionally, other factors may be adjusted based on additional data and analysis compiled by the Board staff. Fee adjustments will become effective on the first day of the second month following Board approval, e.g. a fee adjustment approved by the Board in November would become effective January 1.

Fees for Review of Activities Not Requiring a Permit

Title 23 Sections 6(d) and 6(e) allow for certain activities to occur without the issuance of a permit. These two provisions are described below.

Maintenance Activities (Section 6(d)): This provision exempts maintenance activities as defined in the regulations from permitting requirements. Occasionally, the Board receives requests for technical assistance to verify whether a project's scope qualifies as a maintenance activity, allowing the requester to proceed without a permit. This review requires staff time and results in an official response letter, signed by the Chief Engineer, either concurring with the request or providing guidance on obtaining a permit, if Board staff concludes the proposed activity does not qualify as a maintenance activity. This response also determines whether the

work requires oversight by a Board inspector. The fee is established as a portion of the estimated costs incurred to provide these services.

The fee is intended to be adjusted periodically beginning in state Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for All Urban Consumers as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Fee adjustments will become effective on the first day of the second month after Board approval, e.g. a fee adjustment approved by the Board in November would become effective January 1.

Minor Alterations (Section 6(e)): The Minor Alteration provision allows the Executive Officer to waive permit requirements for minor alterations that would not be injurious to the Adopted Plan of Flood Control. As with maintenance concurrence requests, Board staff conducts a technical review of the proposed work. If the work meets the criteria under this section, an official letter is issued authorizing the proposed work to proceed without a permit and indicating whether construction inspection is required. The proposed fees are based on a portion of the costs to perform the minimal review, processing, and correspondence tasks required for this type of work. The fees were also evaluated against staff time records and the associated hourly costs of each staff classification involved in processing Minor Alteration requests and were set below the full costs of providing these services.

The fee is intended to be adjusted periodically beginning in State Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for all urban consumers as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Fee adjustments will become effective on the first day of the second month after Board approval, e.g. a fee adjustment approved by the Board in November would become effective January 1.

Construction Inspection Fees

The proposed fees are based on a portion of the costs required to perform the minimal activities necessary for Board staff to provide effective construction inspection oversight. The fees were also evaluated against staff time and the associated hourly costs for each classification of staff involved in construction inspection activities and were set below the full cost of providing these activities. The fees are based on the encroachment category. Projects that include multiple encroachments with different categories will be charged solely for the encroachment with the highest fee. For instance, a project that includes a vehicular bridge (with a construction inspection fee of \$3,800) and a fence (with a construction inspection fee of \$1,800) will be charged \$3,800.

The fee is intended to be adjusted periodically beginning in State Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for all urban consumers as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Fee adjustments will become effective on the first day of the second month after Board approval, e.g. a fee adjustment approved by the Board in November would become effective January 1.

Time Variance Request Fees

The proposed fees are based on a portion of the costs necessary to perform the minimal activities required by Board staff to review and response to Time Variance Requests (TVR).

Requests can range from a simple one-week extension to a full flood season of in-water work, such as that associated with bridge construction. Each request carries different levels of risk, with examples shown here:

High Risk (2 Week Interval) Within levee prism/waterside Excavation below Design Water Surface Elevation (Highest Risk,

most likely to deny)

EXAMPLES:

- pipe trenches for installation/removal/ replacement
- bridges
- > temporary crossings/culverts/coffer dams
- Pile Driving/Drilling/Boring within levee prism
- Cutoff walls

Moderate Risk (1-2 month interval)

• Dependent on hydrology/local weather/stockpile locations

FXAMPLES:

- Erosion control (rip rap), maintenance activities (clearing, grubbing, regrading)
- Excavation above Design Water Surface Elevation (e.g., up-andover pipe repair/replacement, bike trail at crown)
- Horizontal Directional Drilling/Tunneling possibility of voids/collapse/fracking

Low Risk (No Reoccurring TVR)

• Outside levee prism/main channel

EXAMPLES:

- Pipe abandonment in place (grouting)
- Pipe repair in place (CIPP lining)
- Hydroseeding/demobilizing
- Surface improvements such as paving overlays or mechanical work above ground
- consider truck access/staging areas to minimize blockage/ensure LMA access

NO LEVEE; Designated Floodway or Regulated Stream

greater than 1%

Any work below flood elevation requires blockage calculation if

High Risk (2 Week Interval)

• In-Channel Overbank Areas

EXAMPLES:

- temporary causeways/roads, temporary diversion structures, coffer dams
- falsework or formwork
- stockpiling or construction equipment/pads
- excavation below FEMA Flood Elevation

Low Risk (No Reoccurring TVR)

 Outside channel and/or above FEMA/Design Flood Elevation

Considering these activities and the duration of the TVR, fees will be assessed according to the following Tiers:

- Tier 1: All Low-risk level requests, or moderate-risk requests with a duration of up to twoweeks.
- Tier 2: Moderate-risk activities that may extend beyond two weeks or high-risk projects with a duration of up to two weeks.
- Tier 3: High-risk activities that may extend beyond two weeks.

The TVR fee will be assessed at the beginning of the flood season or at the time of the first request.

The fee is intended to be adjusted periodically beginning, in State Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for all urban consumers as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Fee adjustments will

become effective on the first day of the second month after Board approval, e.g. a fee adjustment approved by the Board in November would become effective January 1.

Revision in Plans Fees

The proposed fees are based on a portion of the costs to perform the minimal activities necessary for Board staff to review and respond to a request to revise approved plans, as allowed in Title 23, Section 18. Due to different levels of effort, different fees are applied to requests pursuant to Section 18 (a) or Section 18 (b).

The fee is intended to be adjusted periodically beginning in State Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for all urban consumers as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Fee adjustments will become effective on the first day of the second month after Board approval, e.g. a fee adjustment approved by the Board in November would become effective January 1.

SSJDD Fees

The proposed fees were developed based on recovering a portion of staff time, review, and implementation of property management actions. This analysis incorporated the fully-burdened rate for a Senior Right of Way Agent (ROW), Supervising ROW Agent, and Attorney III positions. It also took into consideration the fees associated with Department of Water Resources Geomatics, Hazardous Materials & Environmental Evaluations review, and preparation of related exhibits and documentation. The minimum number of hours that staff spend on a particular real estate transaction was used to calculate the total cost.

The fee is intended to be adjusted periodically beginning in State Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for all urban consumers as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Fee adjustments will become effective on the first day of the second month after Board approval, e.g. a fee adjustment approved by the Board in November would become effective January 1.

Flood System Improvement Project Fees

The proposed method to calculate fees for these types of projects is a regressive percentage of the overall project cost. As the total project costs go up, the incremental fee percentage goes down. For projects that fall within Tiers 1 and 2: no initial deposit is required at the time of application submittal, with the entire fee due prior to permit issuance. The fee will be based on the total project cost at the time of permit issuance. For projects that fall within Tiers 3 through 6: an initial deposit amount based on 33 percent of the total project cost is due at the time of permit application submittal. The remaining fee amount, due at the time of permit issuance, will be adjusted based on a more accurate finalized total project cost at that time. For all projects, the total project cost shall be re-evaluated prior to permit issuance for an updated total, and the fee shall be calculated according to the fee table effective at the time of permit issuance.

The amount of staff time required to review the activities of a flood system improvement project is generally commensurate, but not linearly proportional, to the total project cost. In general, higher-cost projects require more staff time for review; however, the rate of increase in project costs typically exceeds the rate of increase in staff time. For example, incremental project costs for an additional 100 feet of levee construction may follow a constant rate of \$1,000 per foot due

to materials and labor, while staff time to review the incremental work could decrease after an initial review of the project scope and technical documents.

To reasonably reflect the relationship between project cost and staff time spent, the proposed fee structure is configured that projects within a specific cost range would require a fixed percentage of project cost to calculate the fee associated with amount of staff review time and that as project costs increase to a higher cost range, a decreased percentage is applied to the project cost within the cost range to calculate the fee associated with the amount of staff time. The sum of fees within each cost range is the fee associated with the project. Given the data gathered on project costs and staff time collected to date, a decreasing rate of 0.67 is applied to calculate a new percentage when project cost reaches to a higher cost range. It is reasonable to assume that the increments of less costly projects can be narrower than those of more costly projects since costs are more likely to be uniform in nature as the scope of work is narrower. As project costs increase, the scope and review time could increase as well. A maximum total project cost must be established such that any variations in the incremental difference in staff time would be negligible.

It is reasonable to defer the total amount of the fee until project costs are better known, as they typically develop during the review process. Cost estimates for smaller, less costly projects would not experience the same amount of uncertainty as others. Therefore, it is necessary to require a deposit for more costly projects, and to have the total amount of the fee due at the time of permit issuance. A deposit of 33 percent, or one-third, of the total project cost estimated at the time the application is submitted would fund staff work for larger projects.

Therefore, the proposed fees will follow the following table.

Tier	Project Cost Range	Fee	Deposit
1	Up to \$1,000,000	0.75%	Not Required
2	\$1,000,001 to \$5,000,000	0.50%	Not Required
3	\$5,000,001 to \$10,000,000	0.33%	33% of total fee
4	\$10,000,001 to \$20,000,000	0.22%	33% of total fee
5	\$20,000,001 to \$30,000,000	0.15%	33% of total fee
6	Above \$30,000,000	0.10%	33% of total fee

For Tiers 1 and 2, the applicant would pay the full fee based on the project costs estimated at the time of permit issuance and the Project Cost Range in effect at that time. For Tiers 3 through 6, the applicant would pay a deposit of one-third of the fee based on the project costs estimated at the time the application is submitted. The applicant would pay the remainder of the fee based on the project costs estimated at the time of permit issuance at that time using the Project Cost Range in effect.

The proposed fees are not a complete cost recovery. The intent is to share the costs of permit applications, requests, and inspections between the applicant (through fees) and the State (through the General Fund).

The project cost ranges are intended to be adjusted periodically beginning in State Fiscal Year 2026-2027, based on the forecasted California Consumer Price Index for all urban consumers

as reported in the annual "Price Letter" Budget Letter issued by the Department of Finance. Adjustments will become effective on the first day of the second month after Board approval, e.g. an adjustment approved by the Board in November would become effective January 1.

REQUIRED DETERMINATIONS, FINDINGS, AND ANALYSES

Alternatives to the Regulation

Although there are several fee approaches that Board considered, the Board determined that there are no reasonable alternatives to the new regulations which:

- Would be more effective in carrying out the purpose for which the action is proposed,
 - The proposed alternative of fees for the Board's regulatory actions recovers a portion of the costs incurred to provide those services.
- Would be as effective and less burdensome to affected private persons than the proposed action,
 - The Board considered an alternative to the proposed fee schedule allowing it to recover 100% of the costs associated with providing the services listed above by billing applicants based upon actual staff time expended. This would require a final accounting of staff time and billing applicants after the service is provided, likely requiring an additional staff member to fulfill this function, and would be an unnecessary burden on applicants who need to construct their projects soon after a permit is issued. Therefore, the proposed fees are less burdensome than full cost recovery.
- Would be more cost-effective to affected private persons and equally effective in implementing the proposed regulation.
 - A more cost-effective alternative for private persons would be to not implement a permit and inspection fee regulation, however the Board is required to develop funding mechanisms to sustain these critical services for flood risk reduction. The proposed fees are within Board's authority under California Water Code Section 8535 to collect reasonable fees for these services.

Evaluation of Inconsistency or Incompatibility with Existing State Regulations

The Board has determined that implementation of the proposed fee regulations are not inconsistent or incompatible with existing State regulations.

Economic Impact Assessment

An Economic Impact Assessment form with supporting calculations was prepared by the Board. Through this process, the Board determined that the proposed regulations would not significantly affect the following:

- The creation or elimination of jobs within the State of California. The proposed fees will represent a small portion of the costs associated with construction of the encroachments being reviewed, permitted, and inspected.
- The creation of new business or elimination of existing business within California. No new businesses are anticipated to be created nor are any existing businesses anticipated to be eliminated due to the fees imposed by this regulation.
- The expansion of businesses currently doing business within the state. The fees affect those businesses constructing works within the Board's jurisdiction. The individuals and

businesses that are seeking to build a project encroaching upon the State-federal flood control system are already prepared to pay for and construct their projects and will incur fees to have their projects permitted and inspected by the Board.

Mandates on Local Agencies or School Districts

The regulations do not impose mandates on local agencies or school districts. Fees are assessed based on the work being performed. Local agencies are subject to fees just like every other applicant. In the historical permitting data reviewed, there have been no school districts that have applied for a permit and incurred fees.

Effect on Small Business

Government Code section 11346.3 (b)(4)(B) defines "small business" as a business that is independently owned and operated, not dominant in its field of operation, and has fewer than 100 employees. The number of "small businesses" who may apply for permits in the future is unknown; however, Board staff estimates that approximately twenty-one percent of all the businesses which applied for permits in the past were "small businesses" within the definition of Government Code section 11346.3(b)(4). It is anticipated that this trend will continue, and so the Board has determined that the proposed regulation will affect small businesses.

Effect on Housing Costs

The Board determined that the proposed fee regulations would not have a significant effect on housing costs. The proposed fees imposed on dwellings which require a permit from the Board are a small fraction of the overall housing costs.

Business Reporting Requirements

The proposed fee regulation does not require a report from the businesses it impacts.

Comparable Federal Regulations

There are no comparable Federal regulations that require the collection of fees for the regulatory services conducted by the State of California. Therefore, there is no duplication or conflict with the Code of Federal Regulations. In the absence of Federal regulations on this topic, the Board uses its authority under California Water Code Section 8535 to charge reasonable fees for its regulatory services.

Consistency and Compatibility with Existing Federal Regulations

There are no comparable regulations in the Federal Code of Regulations that address funding of state permitting agencies for flood control permits.

Mandated by Federal Law or Regulations

This regulation is not mandated by federal law or regulations, nor is it identical to previously adopted or amended federal regulations.

Other Applicable Matters Prescribed by Statute Specific to the Board or Other State Regulations

There are no other applicable matters prescribed in State statutes or regulations specific to the Board that affect or would be affected by the proposed regulations.

Water Code Section 8535 Consideration

Based on the dataset used as a basis for setting the fees in this regulation, the amount charged for the regulatory services do not recover 100% of the costs of those activities. Because each activity can vary in staff time (and hence cost), the Board considered it reasonable to set fees below the costs estimated by the staff time spent on the subject tasks, with the intent to update fees when the Board deems appropriate based upon the State's Budget Letter and additional data. The Board's authority for setting and charging fees is found in Water Code Section 8535.