

Fiscal Effect on Local and State Government

The fiscal effects resulting from the proposed emergency regulation are the costs that would be incurred by state and local government agencies to respond to any requirements therein, pursuant to Government Code section 11346 et seq. This Fiscal Impact Statement has been prepared in accordance with State Administrative Manual 6600-6616.

The two fiscal effects incurred by state and local government agencies as a result of the proposed emergency regulation include the costs: (1) to complete and submit ongoing diversion reporting; (4) to State agencies associated with the review of water substitutions under section 878.

The State Water Resources Control Board (State Water Board) estimates the total cost to all state and local (including city, county, schools and publicly owned water suppliers) agencies due to the emergency regulation as \$69,600. The total cost for all local and state agencies to complete and submit the ongoing reporting is \$63,000, of which \$9,000 is costs to State agencies. The cost to State agencies reviewing water substitution proposals is \$6,600. In total, the cost of the emergency regulation to State agencies (monthly reporting and review of water substitution reviews) is \$15,600. The total cost for local agencies is \$54,000. No reimbursable expenses were identified.

Reporting Costs for State and Local Agencies

The State Water Board expects there will be fiscal impacts on public agencies due to the costs of reporting, as proposed in section 879. There is one potential cost to state and local agencies: the costs for public right holders to complete required reporting when continuing to divert for minimum human health and safety needs.

The State Water Board identified a total of 28 public water agencies that divert water in the Russian River watershed. Public water suppliers that rely on groundwater supplies or on water hauled from outside the watershed will not be subject to curtailment orders under this emergency regulation and therefore are excluded from this estimate.

The potential fiscal impacts include the costs to local government agencies to complete regular diversion reporting. To conservatively estimate the cost of the regulation, the State Water Board determined the total number of state and local government agencies in the Russian River watershed and multiplied that number by an average time to complete the online form, multiplied by an estimated staff cost per hour. The estimated amount of time required to complete the forms will depend on whether each entity already has documentation regarding its diversion and use, or whether the entity will need to obtain such information. The State Water Board has estimated that the time necessary for each state or local agency to complete a regular diversion report is 1.5

Attachment 1 - Fiscal Impact Statement

hours per report. The reporting frequency, while not prescribed in the regulation, is assumed to be monthly, as was implemented in the previous emergency regulation. The State Water Board conservatively estimates that curtailments could remain in place through for the complete effective period of the emergency regulation, therefore monthly reporting would be required for a period of 12 months. The State Water Board has used an estimate of \$125 per hour for staff time and overhead costs, conservatively representing a manager role based on 2019 records from the California State Controller's Government Compensation in California database for local water agencies.

Using these values, the cost to the State of California to complete the regular reporting for the effective period of the emergency regulation is estimated to be \$63,000 (24 local agencies and 4 state agencies multiplied by \$125 per hour, multiplied by 1.5 hours, multiplied by 12 monthly reports). The total cost to all local (including city, county, schools, and publicly owned water suppliers) for reporting is conservatively estimated at \$54,000; the total cost to state agencies for certification and reporting is conservatively estimated at \$9,000.

State Agency Costs for Review and Approval of Water Substitutions

Section 878(c) allows for certain direct diversions to continue after the issuance of a Curtailment Order when an approved substitution of stored water or groundwater into the Russian River or a tributary takes place. Such a substitution requires the approval of the Deputy Director for the Division of Water Rights, the Executive Director of the North Coast Regional Water Quality Control Board, and the California Department of Fish and Wildlife. The State Water Board expects there to be labor costs associated with these approvals. However, the Division of Water Rights will bear the cost, as with other costs, in preparing and implementing the regulation and the North Coast Regional Water Quality Control Board will process reviews and approvals through an existing fee-funded process for low-threat discharges. Expenses of the California Department of Fish and Wildlife (CDFW) are the sole expected unaccounted expense.

The total costs are determined from an hourly labor cost for CDFW, an estimate of the number of hours needed to review a proposal, and a conservative estimate of the number of proposals. The State Water Board has estimated the CDFW labor cost at \$165 per hour and that each review will take no more than eight hours. The substitutions are a new concept in the watershed and the State Water Board does not expect substantial participation in the year that the emergency regulation will be effective. At most, the State Water Board expects five proposals to require CDFW review. In total, the State agency costs associated with this section are estimated at \$6,600 (5 proposals, multiplied by \$165 per hour for 8 hours).