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HISTIACTIONS AND CODE CITATIONS. SAM Section 6601-6616

ECONOMIC AND FISCAL IMPACT STATEMENT (REGULATIONS AND ORDERS) STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

	ECONOMIC IMP	ACISIAI	ENENI	12
DEPARTMENT NAME	CONTACT PERSON		EMAIL ADDRESS	TELEPHONE NUMBER
State Water Resources Control Board	Daniel Schultz		daniel.schultz@waterboards.ca.gov	916-323-9392
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400				NOTICE FILE NUMBER
Article 24 Curtailment of Diversion Based	on Insufficient Flow to Meet	t All Needs		Z
A. ESTIMATED PRIVATE SECTOR COST IMPA	CTS Include calculations and	assumptions ii	n the rulemaking record.	
 Check the appropriate box(es) below to indicate 	e whether this regulation:			
a. Impacts business and/or employees	e. Imposes repo	orting requiren	nents	
b. Impacts small businesses	f. Imposes pres	scriptive instead	d of performance	
c. Impacts jobs or occupations	g. Impacts indi	ividuals		
d. Impacts California competitiveness	h. None of the	above (Explain	below):	,
If any box in Items 1 of	a through g is checked, con	mplete this E	conomic Impact Statement.	
If box in Item 1.h. i.	s checked, complete the Fi	iscal Impact S	Statement as appropriate.	
2. The(Agency/Department)	estimates that the ec	conomic impac	t of this regulation (which includes t	he fiscal impact) is:
_				
Below \$10 million				
Between \$10 and \$25 million				
Between \$25 and \$50 million	650 'III'		· · · · · · · · · · · · · · · · · · ·	
Over \$50 million [If the economic impact i as specified in Governme	s over \$50 million, agencies are r nt Code Section 11346.3(c)]	requirea to subr	nit a <u>Standardized Regulatory Impact.</u>	Assessment
3. Enter the total number of businesses impacted:				
Describe the types of businesses (Include nonp	rofits):		:) — — — — — — — — — — — — — — — — — — —
Enter the number or percentage of total				
businesses impacted that are small businesses:				
4. Enter the number of businesses that will be crea	ated:	eliminated:		
		-		
Explain:				
5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	7 c			
5. Indicate the geographic extent of impacts:	-			
L	Local or regional (List areas):			***************************************
6. Enter the number of jobs created:	and eliminated:			
Describe the types of jobs or occupations impa	cted:			
Will the regulation affect the ability of California other states by making it more costly to produce		YES	□NO	
other states by making termore costly to produce	e goods of services fiere.			
If YES, explain briefly:				

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ECONOMIC IMPACT STATEMENT (CONTINUED)

B. ESTIMATED COSTS Include calculations and assump	otions in the rulemaking record.					
1. What are the total statewide dollar costs that businesses	s and individuals may incur to comply with this regula	ntion over its lifetime? \$				
a. Initial costs for a small business: \$	Annual ongoing costs: \$	Years:				
b. Initial costs for a typical business: \$ Annual ongoing costs: \$ Years:						
c. Initial costs for an individual: \$ Annual ongoing costs: \$ Years:						
d. Describe other economic costs that may occur:						
If multiple industries are impacted, enter the share of to	otal costs for each industry:					
If the regulation imposes reporting requirements, enter Include the dollar costs to do programming, record keeping						
4. Will this regulation directly impact housing costs?	YES NO					
If YI	ES, enter the annual dollar cost per housing unit: \$					
	Number of units:					
5. Are there comparable Federal regulations?	YES NO					
Explain the need for State regulation given the existence	e or absence of Federal regulations:	·				
Enter any additional costs to businesses and/or individu	als that may be due to State - Federal differences: \$ _	, 				
C. ESTIMATED BENEFITS Estimation of the dollar value	e of benefits is not specifically required by rulemaking	law, but encouraged.				
Briefly summarize the benefits of the regulation, which						
health and welfare of California residents, worker safety						
2. Are the benefits the result of: specific statutory req	uirements, or goals developed by the agency be	ased on broad statutory authority?				
Explain:						
3. What are the total statewide benefits from this regulation	on over its lifetime? \$					
4. Briefly describe any expansion of businesses currently of	loing business within the State of California that woul	d result from this regulation:				
D. ALTERNATIVES TO THE REGULATION Include calc specifically required by rulemaking law, but encourage		Estimation of the dollar value of benefits is not				
1. List alternatives considered and describe them below. I	i no alternatives were considered, explain why not:					

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ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the	total statewide costs a	nd benefits from this regulation and each a	ternative considered:	
Regulation:	Benefit: \$	Cost: \$	e	
Alternative 1:	Benefit: \$	Cost: \$		
Alternative 2:		Cost: \$		
3. Briefly discuss a	,	s that are relevant to a comparison	_	
of estimated co	osts and benefits for t	his regulation or alternatives:		
-				
regulation man	ndates the use of spec	consider performance standards as an alt ific technologies or equipment, or prescril nance standards considered to lower comp	oes specific	□ NO
Explain:	···			
E. MAJOR REGU	LATIONS Include cal	culations and assumptions in the rulemak	ina record.	
		onmental Protection Agency (Cal/EPA		lepartments are required to
	-	ne following (per Health and Safety C		•
1. Will the estimat	ted costs of this regula	tion to California business enterprises exce	ed \$10 million? YES	☐ NO
		If YES, complete If NO, skip		
2. Briefly describe	each alternative, or co	ombination of alternatives, for which a cost-	effectiveness analysis was p	performed:
Alternative 1:		6		
Alternative 2:				
(Attach addition	nal pages for other alter	natives)		
2 For the regulat	ion and each alternati	ive just described, enter the estimated total	cost and quarall sost offer	ili sanasa vati a
-			s ratio: \$	
Alternative 1:	-	Cost-effectivenes:		
			s ratio: \$	
exceeding \$50	million in any 12-mon			dividuals located in or doing business in California d with the Secretary of State through 12 months
YES	NO			
		a <u>Standardized Regulatory Impact Assessmen</u> and to include the SRIA in the Initial Statement		
5. Briefly describe	the following:			
The increase or	r decrease of investme	nt in the State:		
The incentive f	or innovation in produ	ucts, materials or processes:		
		ding, but not limited to, benefits to the heal		
		e's environment and quality of life, among a		

ECONOMIC AND FISCAL IMPACT STATEMENT (REGULATIONS AND ORDERS)

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FISCAL IMPACT STATEMENT

	FISCAL EFFECT ON LOCAL GOVERNMENT Indicate urrent year and two subsequent Fiscal Years.	e appropriate boxes	1 through 6 and attach	calculations and assump	tions of fiscal impa	ct for the
	Additional expenditures in the current State Fiscal (Pursuant to Section 6 of Article XIII B of the Californ)					
	\$					
	a. Funding provided in					
	Budget Act of					
	b. Funding will be requested in the Governor's Bu	udaet Act of				
	2. Additional expenditures in the current State Fiscal (Pursuant to Section 6 of Article XIII B of the Californ	Year which are NOT nia Constitution and	reimbursable by the Stat			
	\$		ata in farma ation.			
	Check reason(s) this regulation is not reimbursable and p		ite information:			
	a. Implements the Federal mandate contained in					
	b. Implements the court mandate set forth by the				Court.	
	Case of:		VS	5		
	c. Implements a mandate of the people of this St	ate expressed in the	ir approval of Propositio	n No.		
	Date of Election:					
	d. Issued only in response to a specific request fro					
	Local entity(s) affected:					
	e. Will be fully financed from the fees, revenue, e	tc. from:				
	Authorized by Section:		_ of the		Code;	
	f. Provides for savings to each affected unit of lo	cal government whi	ch will, at a minimum, of	ffset any additional costs	to each;	
	g. Creates, eliminates, or changes the penalty for	a new crime or infra	action contained in			
	3. Annual Savings. (approximate)					
	\$					
	4. No additional costs or savings. This regulation makes	s only technical, non-	substantive or clarifying c	changes to current law reg	ulations.	
	5. No fiscal impact exists. This regulation does not affect	ct any local entity or p	program.			
X	6. Other. Explain Not a State mandate; gene	rally applicable r	egulation. No fiscal	impacts to State ag	encies.	
	Local agencies may incur cost of	•				
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FISCAL IMPACT STATEMENT (CONTINUED)

B. FISCAL EFFECT ON STATE GOVERNMENT Indicate appropriate boxes 1 through 4 and attach calculations and a year and two subsequent Fiscal Years.	ssumptions of fiscal impact for the current
1. Additional expenditures in the current State Fiscal Year. (Approximate)	
\$	
It is anticipated that State agencies will:	
a. Absorb these additional costs within their existing budgets and resources.	
b. Increase the currently authorized budget level for the	
2. Savings in the current State Fiscal Year. (Approximate)	
\$	
X 3. No fiscal impact exists. This regulation does not affect any State agency or program.	
4. Other. Explain	
C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS Indicate appropriate boxes 1 through 4 and att impact for the current year and two subsequent Fiscal Years.	ach calculations and assumptions of fiscal
1. Additional expenditures in the current State Fiscal Year. (Approximate)	
\$	
2. Savings in the current State Fiscal Year. (Approximate)	
\$	1
3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.	
4. Other. Explain	
FISCAL OFFICER SIGNATURE	DATE
a Jenife Doyle	311845
The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sec he impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secret highest ranking official in the organization.	
AGENCY SECRETARY	DATE
	3/19/15
Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal In	
DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER	DATE

0. y 4 % **\$**

Attachment 1. Fiscal Impact Statement

Fiscal Impact Statement

B. Fiscal Effect on Local and State Government

Assumptions

Cost assumptions and replacement percentages were taken from the "Estimating Fiscal Impacts of Implanting Water Diversion Curtailments in the Sacramento-San Joaquin Delta Watershed" report prepared for the State Water Resources Control Board (State Water Board) by Josué Medellín-Azuara, Richard E. Howitt, and Jay R. Lund of the University of California, Davis (UCD; Medellin-Azuara et al., 2014a; Medellin-Azuara et al., 2014b). Specific assumptions and percentages are detailed below. Sources for costs include peer reviewed models for agricultural production and water use such as Statewide Agricultural Production Model (SWAP) V6 (http://swap.ucdavis.edu), mainstream impact analysis software such as Impact Analysis for Planning (IMPLAN) Model 2002 and secondary sources in the public domain that provide information required to undertake this fiscal impact analysis. The 60% agricultural groundwater replacement with 20% from district wells and 40% from private wells was based on expert judgment by UCD. Reduction in water use was estimated at 35% for agricultural use, based on expert judgment by UCD. An average groundwater replacement cost of \$83.65 per acre-foot from the SWAP model was used to calculate water replacement costs from groundwater pumping. The maximum water sales values as well as maximum costs of conservation and enforcement for both urban and agriculture were used to conservatively estimate the fiscal impact to state and local government. An agricultural water sales value of \$100 per acre-foot was determined by an informal review of publicly available information by UCD and was used to calculate lost water sales revenue. Conservation and enforcement costs were assumed to be \$350 per acre-foot (urban) and \$50 per acre-foot (agriculture), based on expert judgment by UCD. State and local tax revenue from agriculture is assumed to be 10% of revenue from the IMPLAN Model.

A 90% exceedance scenario was used to conservatively estimate the fiscal impact to state and local governments. The State Water Board calculated the monthly supply exceedance scenarios based on supply forecasts from the California Nevada River Forecast Center using United States Geological Survey (USGS) and the California Department of Water Resources (DWR) gauges (http://www.cnrfc.noaa.gov/). Water demand was determined using the Division of Water Rights 2010-2013 average demand dataset (Division demand dataset) updated February 20, 2015

(http://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/analysis/).

Lassen Mutual Water Company

Lassen Mutual Water Company (LMWC) holds a post-1914 appropriative water right (Application Number: A014396) and serves 25 individuals year-round and 118 cabins used seasonally during the summer (Minasian, Meith, Soares, Sexton & Cooper, LLP, 2014). The average reported demand for 2010-2013 is 17.09 acre-feet per year. LMWC was issued an order from the State Water Board's Division of Drinking Water, dated October 17, 2014, requiring it to, among other things: secure adequate alternate water supplies; install water meters and adopt and implement a water rate structure based on metered water usage; and comply with California Code of Regulations, title 23, section 865. Under Section 878.1 of the proposed regulation, LMWC would be authorized to continue to divert water within the limits specified in that section for basic municipal and domestic health and safety needs and would incur costs due to conservation and enforcement. LMWC's ability to divert water from Mill Creek would potentially be affected by the proposed regulation in May, June, October and November. During this time period LMWC has an annual reported demand of 7.96 acre-feet for a total estimated conservation and enforcement cost of \$2,787.

Deer Creek Irrigation District

The Deer Creek Irrigation District (DCID) holds an adjudicated water right (Statement Number: S000731) for 33% of Deer Creek's flow (Tehama County Superior Court Decree No. 4189). From 2010 to 2013, DCID reported an average annual water demand of 16,648 acre-feet of water directly diverted and beneficially used. The water was beneficially used to irrigate 1,900 acres. Under the water right associated with Statement S000731, DCID may divert water for domestic uses as well as irrigation and stockwatering uses. No domestic use was reported on the 2010 through 2013 DCID statements and domestic use was not analyzed in this fiscal impact report. The February 20, 2015 Division demand dataset was used to estimate the fiscal impact of the proposed emergency regulation.

The proposed emergency regulation would be in effect for 270 days. It is estimated that DCID would sustain an estimated impact of 6,749 acre-feet of water no longer available due to the emergency regulation. It is assumed that 20% of this water would be replaced by district groundwater pumping and no water purchases would be available. In addition, it is assumed that DCID will reduce its demand by 35%. The enforcement and conservation costs associated with the emergency regulation is estimated to be \$100 per acre-foot of water. The remaining water loss would lead to lost revenue from water sales for DCID. The maximum agricultural water sales price (\$100 per acre-foot) was used to conservatively estimate the fiscal impact to DCID. The estimated total potential fiscal impact to DCID from the proposed emergency regulation is \$524,957 (Table 1).

Tehama County

The Tehama County 2013 Crop Report states that in 2013 the total revenue from agriculture was \$254,034,900 (TCRCD, 2013) generating an estimated \$25,403,490 in state and local tax revenue (10%). In Tehama County, three watersheds will be affected by the emergency

regulation: Antelope, Mill and Deer Creeks. Within the Mill Creek, Deer Creek and Antelope Creek watersheds 15,276 acres are reported as irrigated lands. Based on the February 20, 2015 Division demand dataset 99% of the water used in the watersheds is used for irrigation, therefore the State Water Board assumed all proposed water reductions would affect irrigated lands. For purposes of this fiscal impacts analysis, the State Water Board conservatively assumed walnut (high value) crop water use (3 acre-feet per acre per month).

Summary of Tehama County Estimated Tax Loss

The proposed emergency regulation would be in effect for 270 days. Based on calculated demand (division demand dataset) and 90 percent exceedance supply scenarios from the California Nevada River Forecast Center (http://www.cnrfc.noaa.gov/), the proposed emergency regulation would affect appropriative and pre-1914 water users in May-June and October 15 - November in Mill and Deer Creeks. Antelope Creek appropriative and pre-1914 water users are likely to be affected in April, May and November. Riparian water users were found to likely be affected in November and December in Antelope Creek, and for the month of November in Deer Creek (Attachments 8, 9, and 10). The State Water Board estimated total supply using the 90% exceedance water supply scenario in each watershed. The total amount of water required per the emergency regulation was subtracted from the 90% exceedance supply leaving the total supply available to water users. Water demand was subtracted from the water supply available to water users giving the total water reduction under the proposed regulation. It was assumed that 60% of the water reduction would be replaced by groundwater and 40% of the water reduction would not be replaced. The affected acreage was based on the projected supply to water users and an assumed crop use of 3 acre-foot per acre per month (Table 2).

Potential Tehama County tax loses were based on the affected acreage provided in Table 2, total revenue of crops in 2013, total irrigated acres in Tehama County and the assumption of a 10% tax on agriculture (Table 3). Total tax dollars potentially lost due to the proposed emergency regulation were calculated by multiplying tax dollars generated per acre in 2013 by the affected acreage. This analysis resulted in an estimated \$1,327,244 in lost tax revenue due to the emergency regulation (Table 3).

Month	April	Мау	June 1-15*	June 16-30*	October 15- 31*	November	December	Total
Reported amount used	1836.36	1897.27	918.18	918.18	948.64	1836.36	00:0	8355.00
acre-feet used per acre of irrigation	76:0	1.00	0.48	0.48	0.50	0.97	0.00	4.40
Supply	6400	4700	1700.00	1700.00	1000.00	2100.00	3100.00	20700.00
Emergency Regulations in stream flow requirements	3271.95	3668.55	1784.70	555.24	1586.40	2974.50	3073.65	16914.99
Supply available	3128.05	1031.45	0.00	1144.76	0.00	0.00	26.35	5330.61
Riparian use	337.00	337.00	337.00	338.00	338.14	337.23	337.14	2361.51
Supply available to Pre-1914	2791.05	694.45	00.00	806.76	0.00	0.00	00.00	4292.26
DCID allocation	921.05	229.17	0.00	266.23	0.00	0.00	00.00	1416.45
DCID Replacement due to Public Trust flows	915.32	1668.10	918.18	651.95	948.64	1836.36	0.00	6938.55
20% Groundwater replacement	183.06	333.62	183.64	130.39	189.73	367.27	0.00	1387.71
Cost of Ground Water Replacement (dollars)	\$15,313.26	\$27,907.38	\$15,361.18	\$10,907.14	\$15,870.69	\$30,722.36	\$0.00	116082.01
Reduced applied water (35%)	642.73	664.05	321.36	321.36	332.02	642.73	0.00	2924.25
Conservation and enforcement costs	\$32,136.36	\$33,202.27	\$16,068.18	\$16,068.18	\$16,601.14	\$32,136.36	, \$	\$146,212.50
Water Sales Loss (acre-feet)	89.53	670.44	413.18	200.20	426.89	826.36	0.00	2626.59
Lost Water Sales Revenue	\$8,952.64	\$67,043.79	\$ 41,318.18	\$20,019.72	\$42,688.64	\$82,636.36	, &	\$262,659.34
Total Cost to district	\$56,402.26	\$128,153.45	\$72,747.55	\$46,995.04	\$75,160.46	\$145,495.09	- \$	\$524,953.85

*Monthly demand and monthly supply where divided by 2 to represent the demand and supply for the half-month periods

Table 1. Cost estimate for groundwater replacement, conservation and enforcement, and water sales loses for DCID in a 90% exceedance scenario. Instream flows are not required under the regulation July 1 through October 15 This time period is not shown because the regulation does not have a fiscal impact. Volumes in acre-feet.

	Af	Affected Acreage		
16. Parket parket per parket parket per park	Deer	Mill	Antelope	
Total Projected Supply	21700.00	29400.00	11536.56	
Total Emergency Regulation	and the second			
Requirements	16914.99	16914.99	8249.28	
Total Supply to Riparian	5659.51	12559.51	5127.35	
Riparian Demand	2022.40	2064.39	14.72	
Total Supply to Pre-1914 and				
Appropriative	4284.76	10496.57	5113.61	
Total Pre-1914 and Appropriative	202446400	100	egi (Silata ett	
Demand	16055.28	23831.09	9438.51	
Total Water Replacement due to Emergency Regulation Flow				
Requirements	12746.93	17755.56	4325.89	
Total Groundwater Replacement	7648.16	10653.34	2595.54	
Total Water Lost	5098.77	7102.22	1730.36	
Affected Acreage	1699.59	2367.41	366.22	

Table 2. Affected acreage for Deer, Mill and Antelope Creeks. Volumes in acre-feet.

Tehama County Tax Losses	
2013 Irrigated acres in Tehama County	84,852
2013 Fruit and Nut Crops	\$215,608,600.00
2013 Nursery Crops	\$11,332,700.00
2013 Vegetable crops	\$350,000.00
2013 Pasture & Range	\$7,824,800.00
2013 Seed Crops	\$4,891,000.00
2013 Field Crops	\$14,027,800.00
Total 2013 Revenue	\$254,034,900.00
Total 2013 Tax Revenue (10%)	\$25,403,490.00
Dollars generated per acre	\$299.39
Deer Affected Acres	1699.59
Mill Affected Acres	2367.41
Antelope Affected Acres	366.22
Total Affected Acres	4433.22
Percent Acres Affected	5.22
Estimated Agricultural Tax Revenue lost due to Emergency Regulations	\$1,327,244.12

Table 3. Tehama County Tax loses. For affected acres calculations see Table 2.