

ECONOMIC AND FISCAL IMPACT STATEMENT (REGULATIONS AND ORDERS)

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME State Water Resources Control Board	CONTACT PERSON Daniel Schultz	EMAIL ADDRESS daniel.schultz@waterboards.ca.gov	TELEPHONE NUMBER 916-323-9392
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Emergency Actions due to Insufficient Flow for Specific Fisheries in Tributaries to the Russian River			NOTICE FILE NUMBER Z

A. ESTIMATED PRIVATE SECTOR COST IMPACTS *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- a. Impacts business and/or employees
- b. Impacts small businesses
- c. Impacts jobs or occupations
- d. Impacts California competitiveness
- e. Imposes reporting requirements
- f. Imposes prescriptive instead of performance
- g. Impacts individuals
- h. None of the above (Explain below):

***If any box in Items 1 a through g is checked, complete this Economic Impact Statement.
If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.***

2. The _____ estimates that the economic impact of this regulation (which includes the fiscal impact) is:
(Agency/Department)

- Below \$10 million
- Between \$10 and \$25 million
- Between \$25 and \$50 million
- Over \$50 million *[If the economic impact is over \$50 million, agencies are required to submit a [Standardized Regulatory Impact Assessment](#) as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: _____

Describe the types of businesses (Include nonprofits): _____

Enter the number or percentage of total businesses impacted that are small businesses: _____

4. Enter the number of businesses that will be created: _____ eliminated: _____

Explain: _____

5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): _____

6. Enter the number of jobs created: _____ and eliminated: _____

Describe the types of jobs or occupations impacted: _____

7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here? YES NO

If YES, explain briefly: _____

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ECONOMIC IMPACT STATEMENT (CONTINUED)

B. ESTIMATED COSTS *Include calculations and assumptions in the rulemaking record.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation 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: _____

2. If multiple industries are impacted, enter the share of total costs for each industry: _____

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* \$ _____

4. Will this regulation directly impact housing costs? YES NO

If YES, 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 or absence of Federal regulations: _____

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ _____

C. ESTIMATED BENEFITS *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: _____

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?

Explain: _____

3. What are the total statewide benefits from this regulation over its lifetime? \$ _____

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: _____

D. ALTERNATIVES TO THE REGULATION *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: _____

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ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation: Benefit: \$ _____ Cost: \$ _____

Alternative 1: Benefit: \$ _____ Cost: \$ _____

Alternative 2: Benefit: \$ _____ Cost: \$ _____

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: _____

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? YES NO

Explain: _____

E. MAJOR REGULATIONS *Include calculations and assumptions in the rulemaking record.*

California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million? YES NO

If YES, complete E2. and E3

If NO, skip to E4

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

(Attach additional pages for other alternatives)

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented?

YES NO

If YES, agencies are required to submit a [Standardized Regulatory Impact Assessment \(SRIA\)](#) as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.

5. Briefly describe the following:

The increase or decrease of investment in the State: _____

The incentive for innovation in products, materials or processes: _____

The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: _____

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FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

a. Funding provided in _____

Budget Act of _____ or Chapter _____, Statutes of _____

b. Funding will be requested in the Governor's Budget Act of _____

Fiscal Year: _____

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

Check reason(s) this regulation is not reimbursable and provide the appropriate information:

a. Implements the Federal mandate contained in _____

b. Implements the court mandate set forth by the _____ Court.

Case of: _____ vs. _____

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. _____

Date of Election: _____

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: _____

e. Will be fully financed from the fees, revenue, etc. from: _____

Authorized by Section: _____ of the _____ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

3. Annual Savings. (approximate)

\$ _____

4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain Not a State mandate; generally applicable regulation. State agencies may incur a cost of up to \$572,455.

Local schools may incur cost of up to \$395,198. Local agencies may incur cost of up to \$3,878,842. See attachment for details.

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FISCAL IMPACT STATEMENT (CONTINUED)

B. FISCAL EFFECT ON STATE GOVERNMENT *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

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 _____ Fiscal Year

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

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 attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain _____

FISCAL OFFICER SIGNATURE

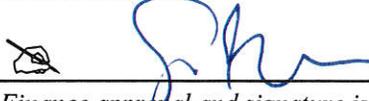


DATE

6/19/15

The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

AGENCY SECRETARY



DATE

6/23/15

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER



DATE

Attachment 1: Fiscal Impact Statement

Summary

The three fiscal effects of the proposed emergency regulation relevant to Government Code section 11346.5, subdivision (a)(6) are the costs that would be incurred by state and local government agencies: (1) to replace ornamental turf; (2) to complete and submit online the information required by an informational order issued pursuant to section 876, and supporting documentation; and (3) for the Department of Water Resources (DWR) to respond to requests for well completion information by well owners in the Dutch Bill Creek, Green Valley Creek, Mark West Creek, and Mill Creek, watersheds. The State Water Board estimates the total cost to all state and local (including city, county, schools and publicly owned water suppliers) government agencies due to the proposed emergency regulation as approximately \$4,846,495. The total cost for all local (including city, county, schools, and publically owned water suppliers) and state agencies for ornamental turf replacement is \$4,118,040 (\$166,400 for the State of California, \$374,040 for local schools and school districts, and \$3,577,600 for other local government entities). The total cost for all local (including city, county, schools, and publically owned water suppliers) and state agencies to fill out informational orders is \$336,505 (\$14,105 for the State of California, \$21,158 for local schools and school districts, and \$301,242 for other local government entities). The total estimated cost to the DWR as a consequence of the proposed regulation is \$391,950 for staff time needed to fulfill well completion report requests. The proposed emergency regulation is not anticipated to result in costs or savings in federal funding to the State.

Fiscal Impact of Proposed Section 876 Subdivision (d)

The State Water Resources Control Board (State Water Board) expects there will be fiscal impacts on state and local agencies due to the conservation measures in proposed Section 876, subdivision (d). There are two potential costs to state and local agencies: (1) revenue losses for public water supply agencies; and (2) potential ornamental turf replacement. The State Water Board Division of Drinking Water identified seven public water suppliers that divert water from within the Dutch Bill Creek, Green Valley Creek, Mark West Creek, and Mill Creek, watersheds. Four districts including the Sweetwater Springs County Water District, Occidental Community Service District, Forestville County Water District and the Russian River County Water District receive water from outside the watershed and are not subject to section 876, subdivision (d) and therefore will not incur any fiscal losses due to conservation. The other public water suppliers are schools or school districts with wells in the watersheds. These schools do not generate revenue from water and therefore will not incur any fiscal losses due to conservation. The proposed prohibition on ornamental turf watering could result in the need to replace ornamental turf at some locations. It is estimated that each state or local agency or school may choose to replace one-quarter ($\frac{1}{4}$) acre (10,890 square feet) of ornamental turf for every four parcels it owns, though it is not a foregone conclusion that the proposed regulation would ultimately lead to ornamental turf dying, or that these entities would choose to replace dead ornamental turf with new ornamental turf. This estimate in this analysis represents a

worst-case scenario for replacement costs attributable to the regulation. Turf replacement with sod was estimated at \$3.82 per square foot, including labor from a licensed contractor and materials (personal communication Larry Rolfe, June 12, 2015). While the Board does not encourage replacing ornamental turf with sod, the average cost to replace lost ornamental turf with new sod is estimated to be \$41,600 per quarter acre. Using this value, the cost to the State of California to replace ornamental turf is estimated to be \$166,400 (approximately four state-owned parcels estimated to need replacement multiplied by \$41,600). The cost to local schools and school districts for replacement of ornamental turf is estimated to be \$374,040 (approximately nine parcels estimated to need replacement multiplied by \$41,600). The cost to other local government entities, including but not limited to city and county, for replacement of ornamental turf is estimated to be \$3,577,600 (approximately 86 parcels estimated to need replacement multiplied by \$41,600). Therefore, the total conservatively estimated cost to all local (including city, county, schools and publicly owned water suppliers) and state agencies for ornamental turf replacement is \$4,118,400 (estimate a total 99 parcels would need ornamental turf replacement multiplied by \$41,600). It is assumed that this amount predicts cost on the upper end, and that State and local government entities will indeed look to long term turf replacement, if necessitated by the proposed regulation, with cheaper and less water-intensive alternatives.

Fiscal Impact of Proposed Section 876 Subdivision (e)

Proposed section 876, subdivision (e) imposes three potential obligations, or costs, to state and local agencies. The potential fiscal impacts of the information orders issued pursuant to proposed section 876, subdivision (e) include the costs to local government agencies to complete and submit an online informational form and supporting documentation. In addition, DWR will incur costs to fulfill requests for well information from the well owners.

To conservatively estimate the cost of the proposed regulation, the State Water Board determined the total number of state and local government agencies in the four priority tributaries and multiplied that number by an average time to complete the online information order response form and submit any supporting documentation, multiplied by an average staff cost per hour.

The State Water Board has identified 31 state and local agencies, which will receive informational orders. These state and local agencies own 334 parcels, identified via ParcelQuest, and will be required to fill out an informational form for each parcel identified by unique assessor's parcel number. The State of California owns 14 parcels and local schools and school districts own 21 parcels. The remaining parcels are owned by local agencies. The amount of time required to complete the online informational order response form and submit supporting documentation will depend on whether each entity already has documentation regarding its diversion and use, or whether the entity will need to obtain such information. Only minimal additional time is expected to be needed to provide 2014 diversion records and project 2015 water use. Surface water diverters should have already filed a Statement of Water Diversion and Use with the State Water board. Groundwater diverters will likely know diversion amounts through pumping rates and utility costs and will require minimal additional time to prepare. Thus, recordation of water use is not anticipated to have a fiscal impact. For most

diverters, 2015 projected use is expected to be similar to 2014 diversion use data, as the years are similarly dry and will require minimal additional time to prepare.

Completion of the online form is expected to take less than one hour, but one hour was used in cost estimates in order to avoid underestimating costs. The bulk of entities' time will be spent gathering information and compiling documentation for submittal. To provide direction and assistance in finding patent records, the State Water Board will provide a link to the U.S. Bureau of Land Management's patent database. To provide direction and assistance in finding groundwater well records, the State Water Board will include a link to the DWR groundwater well completion report request form on the informational order website. The time required to find and collect the requested documentation will vary depending on the expertise in records research, whether the task is contracted out to a firm with experience locating such records, etc. It is estimated to take five to 24 hours to gather the information required by the informational order, contingent on whether the agency has partial records or records readily available.

It is estimated that the total time to complete the information order will be six to 25 hours (five to 24 hours to collect the requested documentation plus one hour to fill out form). Inasmuch as agencies are required to exercise due diligence prior to using public funds to purchase property, it is estimated that at least half of the agencies will have partial or complete records. The remaining agencies will likely have incomplete records. Thus, the average time is expected to be 15.5 hours to gather and submit the information for the informational order. The State Water Board has used a conservative estimate of \$65 per hour for staff time and overhead costs. The State of California owns 14 parcels within the four priority watersheds and will therefore incur an estimated cost of \$14,105 (14 state owned parcels multiplied by \$65 per hour, multiplied by 15.5 hours). Local schools and school districts own 21 parcels within the four priority watersheds and will incur an estimated cost of \$21,158 (21 state owned parcels multiplied by \$65 per hour, multiplied by 15.5 hours). Other local government entities, including but not limited to city and county agencies, own 299 parcels within the four priority watersheds and will incur an estimate cost of \$301,242 (299 local agency owned parcels multiplied by \$65, multiplied by 15.5 hours). Therefore, the total cost estimated to all local (including city, county, schools and publicly owned water suppliers) and state agencies to complete the informational order response form and submit the supporting documents is \$336,505 (334 local and state agency owned parcels multiplied by \$65 per hour, multiplied by 15.5 hours).

The Groundwater Ambient Monitoring and Assessment (GAMA) Program database allows searches for groundwater well records by Public Land Survey System section. Based on sections which lie partially or completely within the four priority watersheds it is estimated that there are 10,048 wells that may be affected by the proposed emergency regulation. It is estimated that 10-50 percent of the wells identified actively pump groundwater within the watersheds and will be affected by the proposed emergency regulation. The other 90-50 percent are likely monitoring wells, abandoned wells or outside the watershed. In addition, it is expected approximately 40 percent of well owners will readily have the well completion information and will not request further information from DWR. Thus it is a conservative estimate that DWR will receive 3,015 well completion record requests (50 percent of total identified wells that will be affected is estimated to be 5,024 wells; 60 percent of affected wells

are estimated to request well completion information from DWR for an estimated total of 3,015 wells). DWR estimates the average staff time to respond to each request for well completion information to be two hours (Schaffer, 2015). Using a conservative estimate of \$65 per hour for staff time and overhead costs, the total estimated impact to DWR as a consequence of the proposed regulation is \$391,950 (3,015 well completion record requests multiplied by \$65 per hour, multiplied by two hours per request).