

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: \*B-2

AGENDA DATE: July 12, 2016

**SUBJECT:**

Approval to Transfer \$90,000 from Appropriations for Contingencies for the Preparation of an Economic Analysis in Response to the San Francisco Bay/Sacramento-San Joaquin Delta Estuary Phase 1 Draft Supplemental Environmental Document

**BOARD ACTION AS FOLLOWS:**

No. 2016-358

On motion of Supervisor Chiesa, Seconded by Supervisor O'Brien  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, DeMartini, and Chairman Monteith

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST: Elizabeth A. King  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office BOARD AGENDA #: \*B-2  
Urgent  Routine   AGENDA DATE: July 12, 2016

CEO CONCURRENCE: *prot* 4/5 Vote Required: Yes  No

**SUBJECT:**

Approval to Transfer \$90,000 from Appropriations for Contingencies for the Preparation of an Economic Analysis in Response to the San Francisco Bay/Sacramento-San Joaquin Delta Estuary Phase 1 Draft Supplemental Environmental Document

**STAFF RECOMMENDATIONS:**

1. Authorize the use of and transfer up to \$90,000 of Appropriations for Contingencies to the Board of Supervisors budget for the preparation of an economic analysis.
2. Direct the Auditor-Controller to transfer \$90,000 in appropriations from the Appropriations for Contingencies budget to the Board of Supervisors budget as detailed in the attached Budget Journal form.

**DISCUSSION:**

As part of an update to its Bay-Delta Water Quality Control Plan (Bay-Delta Plan), the State Water Resources Control Board (State Water Board) staff is proposing a four-phased approach to improve conditions in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta).

Phase 1 of the Bay-Delta Plan seeks to address and set, "San Joaquin River Flow and Southern Delta Salinity" objectives, but not the actual implementation of those objectives. As part of Phase 1, the State Water Board's Draft Substitute Environmental Document (SED) was released in December 2012. The SED's preferred alternative proposes that the Merced, Tuolumne, and Stanislaus rivers dedicate 35 percent of unimpaired flow to fish and wildlife from February to June each year. While 35 percent is the preferred alternative of State Water Board staff, the Draft SED lists an adaptive management range of unimpaired flows between 20 percent and 60 percent, all based on a 14-day running average.

Many water districts, state agencies, associations, and non-governmental organizations submitted written comments and made oral testimony at a March 20-21, 2013 workshop in Sacramento regarding the Phase 1 Draft SED. Virtually everyone agreed there were a litany of problems with the SED and its analysis.

Since June of 2013, State Water Board staff has been recirculating the Phase 1 Draft SED internally to address comments and make changes to the document's analyses. This is being done in order to reissue an updated Draft SED for public comment, ahead of holding a Public Hearing and ultimate vote on the objectives before the State Water Board members.

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State Water Board staff has stated publically that an updated Draft SED could be completed as early as July 1, 2016. It is expected that stakeholders in the process will be given a 60-day comment period to submit written comments on the revised document.

Should the updated Draft SED be issued in July, a Public Hearing will be held on the updated Draft SED before the State Water Board members in Sacramento in the fall of 2016. The State Water Board would again entertain oral and written comments as part of its official record.

A Final Draft SED would likely be released after the State Water Board responds to comments from the Public Hearing. The State Water Board is looking to adopt the Final SED before 2016 concludes. Adoption of the Final SED would effectively conclude (unless legal action is taken by other parties) the State Water Board's efforts in Phase 1 of the Bay-Delta Plan. The SWRCB would then turn the bulk of its attention to Phases 2, 3 and 4 of its Bay-Delta Plan.

In anticipation of the release of the updated Draft SED, and to ensure Stanislaus County can prepare a well-thought and factually-based comment, the County will be contracting with Stratecon Inc. to prepare a written economic analysis of the adverse impacts that could occur in the region as a result of the unimpaired flow proposal. Stratecon Inc. is an economics consulting firm which specializes in water. The value of the agreement is for an amount not to exceed \$90,000 and will be effective July 1, 2016. The County's Procurement Policy allows for the procurement of negotiated contracts for professional services in the economic and engineering fields, and Stratecon Inc.'s expertise and unique skills in the economic field satisfies the Policy requirements. In addition, the County contacted multiple firms about performing this specialized work, but only Stratecon Inc. was both qualified and available to do so in the time allotted.

As part of the economic analysis, different scenarios will be defined in order to calculate how the proposed State Water Board actions could impact the timing, quantity and reliability of surface water supplies to the different water users in Stanislaus County and the region. From that information, the necessary economic impact analysis will be developed. The analysis will address the economic cost of water shortages; impact of water shortages on the local economy; impact on groundwater; hydroelectric resources; and local recreation.

The study area includes the Merced, Stanislaus and Tuolumne River watersheds from the confluence of the San Joaquin River upstream to the rim dams and also includes the main water diverters those municipal and industrial users that receive treated surface water for their potable purposes.

### **POLICY ISSUE:**

Pursuant to Government Code Section 29125, transfers from appropriations for contingencies require a four-fifths vote by the Board of Supervisors. Additionally, on March 22, 2016, the Stanislaus County Legislative Platform for 2016 was approved. Approval of the Legislative Platform provides authority for County staff to advocate on State and Federal legislative, regulatory and administrative issues in accordance with Board of Supervisors direction. Water policy is one of the top legislative priorities for the Board of Supervisors. Included in the Legislative Platform is the action to, "Oppose any law or regulation that inappropriately increases unimpaired flows or that does not appropriately address non-flow alternatives."

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**FISCAL IMPACT:**

The agreement is for an amount not to exceed \$90,000 and it is recommended to fund from Appropriations for Contingencies. The Chief Executive Office will reach out to surrounding Counties who would benefit from this analysis in hopes they will be able to contribute to the cost. Due to the uncertainty of which agencies will contribute, this report assumes the entire cost will be funded with Appropriations for Contingencies. The Appropriations for Contingencies Fiscal Year 2016-2017 Proposed Budget is \$14,230,864. Of this amount \$8.4 million is for specific exposures and opportunities in Fiscal Year 2016-2017. The approximately \$5.8 million remaining in base funding is for unexpected fiscal and program exposures or emergencies that may occur such as the economic analysis.

As part of the Adopted Proposed Budget, the use of \$876,000 was authorized in order to provide one-time local match to Public Works – Road and Bridge for the purpose of leveraging Federal funding.

If the use of Appropriations for Contingencies is approved, appropriations will be transferred to the Board of Supervisors budget.

<b>Cost of recommended action:</b>		\$ 90,000
<b>Source(s) of Funding:</b>		
None	\$ -	
<b>Funding Total:</b>		\$ -
<b>Net Cost to County General Fund</b>		<u>\$ 90,000</u>
<b>Fiscal Year:</b>	2016-2017	
<b>Budget Adjustment/Appropriations needed:</b>	Yes	
<b>Fund Balance as of July 1, 2016</b>	N/A	

**BOARD OF SUPERVISORS' PRIORITY:**

The recommended actions are consistent with the Board's priorities of A Strong Local Economy, A Strong Agricultural Economy/Heritage and A Well Planned Infrastructure System. The amount of unimpaired flow required on the Merced, Stanislaus and Tuolumne rivers has a potential impact on the County's economy, particularly its agriculture industry, as well as the overall quality of life of local communities.

**STAFFING IMPACT:**

Existing County staff will form a Project Coordination Committee that will assist in identifying and collecting necessary local data, provide input on the work product and hold weekly conference calls until the analysis is complete.

**CONTACT PERSON:**

Keith Boggs, Assistant Executive Officer  
 Walter Ward, Water Resource Manager

Telephone: 525-6333  
 Telephone: 525-6710

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**ATTACHMENT(S):**

Budget Journal

Database: FMSDBPRD.CO.STANISLAUS.CA.US.PROD  
 Balance Type: Budget  
 Data Access Set: County of Stanislaus  
 Ledger: \* List - Text: County of Stanislaus  
 Budget: List - Text: LEGAL BUDGET  
 Category: \* List - Text: Budget - Upload  
 Source: \* List - Text: CEO\_PC  
 Currency: \* List - Text: USD  
 Period: List - Text: JUL-16  
 Batch Name: Text  
 Journal Name: Text  
 Journal Description: Text: Economic Analysis  
 Journal Reference: Text: July 12 2016 Board Agenda Item  
 Organization: List - Text: Stanislaus Budget Org  
 Chart Of Accounts: Accounting Flexfield


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Upl	Fund (4 char)	Org (7 char)	Account (3 char)	GL Project (7 char)	Location (6 char)	Misc (6 char)	Other (7 char)	Debit	Credit	Line Description
								Appropriations	Appropriations	
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	0100	0014100	63000	0000000	000000	000000	00000	90000		Board of Supervisors

Totals: 90000 90000

Tip: This is not the end of the Template. Unprotect the sheet and insert as many rows as needed.

Explanation: Transfer up to \$90,000 of Appropriations for Contingencies to the Board of Supervisors budget for an economic analysis.

Requesting Department Patrick Cavanah Prepared by 6/30/2016 Date	CEO  Supervisor's Approval 6/30/16 Date	Data Entry Keyed by Date	Auditors Office Only Prepared By Approved By 6/30/16 Date
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