

Addendum to Initial Statement of Reasons and Form 399 – Economic and Fiscal Impact Statement (OAL File No. Z-2022-0816-07)

The Notice of Proposed Rulemaking was published in the California Regulatory Notice Register on August 26, 2022. The notice was mailed, emailed and posted on the Delta Stewardship Council (Council) website. The Council also published an Initial Statement of Reasons (ISOR) and Economic and Fiscal Impact Statement (Form 399) regarding these proposed regulations. The Council heard public comments on the proposed regulation until November 21, 2022. During that time, the Council held a public hearing on November 17, 2022. Oral comments on the proposed regulations were accepted at the hearing and transcribed by a certified court reporter. In addition, written comments were received by the Council throughout the comment period which closed on November 21, 2022. These comments, as well as the transcript for the hearing, are included in the rulemaking file.

The Council reviewed all comments received during the public comment period. In response to these public comments, the Council has made modifications to the proposed regulations and has prepared this Addendum to the ISOR and Form 399. The revised regulations are available for public comment at: <https://deltacouncil.ca.gov/dlis/> This Addendum explains the modifications and the reasons for the modifications in the “Necessity of the Modifications to Proposed Amendments to Existing Regulation” section below. This addendum further includes footnotes that were missing from “Appendix 1 EFIA” that was attached to the Initial Statement of Reasons and to the Form 399.

Necessity of the Modifications to Proposed Amendments to Existing Regulation

The following is a statement of the necessity for each modification the Council has incorporated into the proposed regulations following the review of public comments received through November 21, 2022. This statement is intended to supplement the original statement of necessity in the ISOR published on August 26, 2022. This Addendum is only to explain the reasons for the proposed modifications and does not supplant the original ISOR with respect to items that were not modified.

Article I, Section 5001

The following definition in this section has been modified, for the following reasons:

5001, subd. (w) “Levee improvement.” This definition was amended non-substantively to clarify what activities are included in levee improvements that would be prioritized within the Delta Levees Investment Strategy. The Council received several comments about the need to restore levees to their previous condition after settlement or deterioration; the Council does not consider this activity to be an improvement.

Article III, Section 5012

The following provision within this section has been modified, for the following reasons:

5012, subd. (c)(1). This provision was amended non-substantively to include a date by which the annual levee investment report prepared by the Department of Water Resources (DWR) would be submitted to the Council. The addition was made in response to a comment. The Council believes it would add clarity to the reporting process and predictability for interested parties.

Missing Footnotes to “Appendix 1 EFIA” to the Initial Statement of Reasons and Form 399 – Economic and Fiscal Impact

One of the comment letters informed the Council that footnotes for the document titled “Appendix 1 EFIA Economic and Fiscal Analysis” attached to the ISOR and the Form 399 were inadvertently missing from the document. The missing footnotes are hereby provided in numerical order. These footnotes correspond to the respective footnote numbers cited throughout the Appendix 1 EFIA - Economic and Fiscal Impact Analysis..

Footnotes to Appendix 1 EFIA – Economic and Fiscal Analysis (attached to ISOR and to Form 399):

1. Delta Stewardship Council (Council). 2021. Resolution 2021-02.
2. Delta Stewardship Council (Council). 2012. Cost Analysis.
3. Delta Stewardship Council (Council). 2021. Staff-Recommended DLIS Prioritization Table and Map; Staff-Recommended Modified Preliminary Draft Regulatory Language for Delta Plan Policy RR P1.
4. Delta Stewardship Council (Council). 2019. Personal communication with Erin Mullin.
5. Delta Stewardship Council (Council). 2017. Delta Levees Investment Strategy Final Report.
6. Delta Stewardship Council (Council). 2017. Delta Levees Investment Strategy Risk Analysis Methodology Report.
7. Delta Protection Commission (DPC). 2018. Delta Flood Risk Management Assessment District Feasibility Study and Delta Levee Financing Options Report.
8. California Department of Water Resources (DWR). 2017. Delta Levees Special Flood Control Projects. Project List 3/2/2017.
9. U.S. Bureau of Economic Analysis, Gross Domestic Product: Implicit Price Deflator, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDPDEF>.
10. Delta Stewardship Council (Council). 2010. Delta As Place: Agriculture White Paper.
11. MIG Inc. 2014. Impacts for Planning and Analysis Model. <http://www.implan.com/>. 2014 R3 California Counties Database (Delta Counties).
12. Additional sensitivity analysis was conducted using the IMPLAN data to determine if the 2014 R3 database was still appropriate and representative of expected multiplier effects. The multiplier 1.47 falls on the high end of the range

(1.28 to 1.47) of IMPLAN multipliers from 2012 to 2017 used to model the real estate output effects.

13. MIG Inc. 2014. Impacts for Planning and Analysis Model.

<http://www.implan.com/>. 2014 R3 California Counties Database (Delta Counties).

14. Additional sensitivity analysis was conducted using the IMPLAN data to determine if the 2014 R3 database was still appropriate and representative of expected multiplier effects. The multiplier 1.47 falls on the high end of the range (1.28 to 1.47) of IMPLAN multipliers from 2012 to 2017 used to model the real estate output effects.

15. California Department of Water Resources (DWR). 2019. Delta Memorandum of Understanding (MOU)

As noted above, the revised regulations, this Addendum and related materials are available for inspection at the addresses noted in the Notice of Modification to Text of Proposed Regulations and Addendum to the Initial Statement of Reasons and Form 399 – Economic and Fiscal Impact Statement. They are also available at:
<https://deltacouncil.ca.gov/dlis/>