

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3840	Department Delta Protection Commission	Priority No. 1
Budget Request Name Economic Sustainability Plan Update		Program	Subprogram

Budget Request Description

The Commission requires one-time funding of \$150,000 for consultant work to review and partially update the Economic Sustainability Plan as required by statute, including necessary public participation processes.

Budget Request Summary

The Delta Protection Act and Delta Reform Act of 2009 declare the State's policy to achieve the two coequal goals of protecting Delta ecosystems and providing for a more reliable water supply, while protecting and enhancing the Delta as an evolving place. The Delta Protection Act identifies the Delta Protection Commission (Commission) as the appropriate agency to advise the Delta Stewardship Council (Council) on methods of preserving the Delta as an evolving place, and requires the Commission to prepare an economic sustainability plan (ESP) for the Delta region and update it "every five years on or before December 31 in years ending in six or one" (Public Resources Code §29703.5, 29759 and 29761.5(a)). The Delta Reform Act also requires the Commission to propose to the Council, for consideration and incorporation into the Delta Plan, "an economic plan to support increased investment in agriculture, recreation, tourism, and other resilient land uses in the Delta" (Water Code §85301(b)(2)). Significant changes to regional policies and economic conditions have occurred since the original ESP was prepared in FY 2010-11. The Commission requires an augmentation of \$150,000 to review and update portions of the ESP for submittal to the Council for inclusion in the Delta Plan.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Jennifer Ruffolo, Program Mgr. <i>JR</i>	Date August 27, 2015	Reviewed By Catherine Caldwell, Asst. E.D. <i>CC</i>	Date August 27, 2015
Department Director Erik Vink, Executive Director <i>E.V.</i>	Date August 27, 2015	Agency Secretary <i>[Signature]</i>	Date 12/18/15

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original Signed by Amanda Martin	Date submitted to the Legislature 1/8/16
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Analysis of Problem

A. Budget Request Summary

Delta Protection Act amendments in 2009 declared that it is the State's policy for the Delta to achieve the two coequal goals of protecting Delta ecosystems and providing for a more reliable water supply, while protecting and enhancing the Delta as an evolving place. The Act identifies the Delta Protection Commission (Commission) as the appropriate agency to advise the Delta Stewardship Council (Council) on methods of preserving the Delta as an evolving place (Public Resources Code (PRC) section 29703.5). Among other duties, the Act requires the Commission to prepare an economic sustainability plan (ESP) for the Delta region, and to update the ESP "every five years on or before December 31 in years ending in six or one." (PRC sections 29759 and 29761.5(a)).

The Delta Reform Act also requires the Commission to propose to the Council, for consideration and incorporation into the Delta Plan, "an economic plan to support increased investment in agriculture, recreation, tourism, and other resilient land uses in the Delta" (Water Code section 85301(b)(2)).

The original ESP was prepared in FY 2010-11 and adopted in 2012. Since then there have been significant changes to regional policies and economic conditions. To partially update the ESP, the Commission requests a \$150,000 augmentation to revisit the ESP policies on agriculture that the Council deferred or partly accepted, and modify them for submittal to the Council for reconsideration. The agriculture focus is especially relevant as farming is the principal economic driver in the Delta region. Revised policies would reflect existing and revised Delta Plan policies to achieve the coequal goals, as well as existing economic conditions in the Delta.

B. Background/History

The Delta Protection Act and Delta Reform Act of 2009 aim to achieve the coequal goals of protecting and enhancing the Delta ecosystem and providing for a more reliable water supply for California in a manner that protects and enhances the Delta as an evolving place. The Delta Protection Act also affirms the Delta Protection Commission as "the appropriate agency to identify and provide recommendations to the Delta Stewardship Council on methods of preserving the Delta as an evolving place as the Delta Stewardship Council develops and implements the Delta Plan." (Public Resources Code section 29703.5) Among other duties, the 2009 Delta Protection Act amendments required the Commission to prepare an Economic Sustainability Plan (ESP) for the Delta region (PRC section 29759). In addition to dedicating significant staff resources to the effort, the Commission contracted in 2010 for preparation of the ESP using consultants selected through a competitive process at a cost of \$1.5M using Environmental License Plate funds. The Commission adopted the ESP in January of 2012 and submitted a proposal to the Council for consideration and possible inclusion in the Delta Plan.

The Council fully accepted seventeen of the ESP's recommendations related to socioeconomic sustainability of the Delta region for inclusion in the Delta Plan. The Council deferred action on twelve ESP recommendations, and partly accepted eight other recommendations. Since 2010, there has been some change in tourism, agriculture, and recreation in the Delta as the region adapts to post-recession conditions. In addition, the State is proposing investments in new water conveyance infrastructure (California WaterFix) and associated ecological restoration (EcoRestore) projects that have the potential to significantly affect the region's economy. Further, the Council is developing a Delta Levee Investment Strategy and associated Principles, the adoption of which in June 2016 will affect the future of State programs for Delta levee maintenance and improvement. Altogether, these policy changes will amount to significantly changed circumstances for agriculture in the Delta, which warrant revisiting the ESP policies that the Council deferred or partly accepted, and modifying them for re-submittal to the Council for reconsideration.

Analysis of Problem

Resource History (Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
Authorized Expenditures	1500				
Actual Expenditures	1500				
Revenues	n/a				
Authorized Positions					
Filled Positions					
Vacancies					

Workload History

Workload Measure	PY - 4	PY - 3	PY - 2	PY - 1	PY	CY
Original ESP work initiated	X					
Original ESP released		X				

C. State Level Considerations

The proposed work is required by and will partially fulfill requirements of current law established by the Delta Protection Act. Local governments, regional agencies, and the Delta Stewardship Council all rely on the ESP and its recommendations, many of which are adopted into the Council's Delta Plan to achieve the co-equal goals of water supply reliability and ecosystem sustainability, in a manner that protects and enhances the Delta as an evolving place.

There are no anticipated areas of opposition. It is anticipated that the Delta Stewardship Council would support the ESP Update, to ensure current information for efficient implementation of the Delta Plan. The proposed work and subsequent submission of updated ESP policies on agriculture for consideration in the Delta Plan is consistent with the Council's forthcoming update to its priorities for state investments in Delta levees. The Delta Conservancy has also expressed interest in the ESP Update as it also guides their Delta economic sustainability efforts.

D. Justification

The Delta Protection Act requires the Delta Protection Commission (Commission) to review and make necessary amendments to the ESP "every five years on or before December 31 in years ending in six or one" [Public Resources Code sections 29759 and 29761.5(a)]. PRC section 29761 also requires at least three public hearings prior to the Commission approving and adopting the Update.

In the period since the original ESP was adopted, the Delta has seen significant regional policy changes, as well as a changing national economy. Yet the Delta remains very much the center of highly scrutinized, ongoing policy and public infrastructure dialogues.

The Commission has a very small full-time staff of seven, including three professional planning staff. Existing staff are fully extended with ongoing workload requirements and efforts to meet other mandates identified in the Delta Protection Act and Delta Reform Act. Although staff has the technical skills necessary to oversee the high-level policy analysis required for this update, staff is already fully committed and does not have adequate time to conduct economic research and analysis related to the regional agricultural economy. Staff would not have the time to organize the stakeholder processes necessary to develop support for the review and Update, prepare documents for review and publication, or conduct the three public hearings required by Public Resources Code section 29761.

Analysis of Problem

Given the legal requirements and critically important resources at stake, the Update must be conducted in a manner which addresses stakeholder concerns and is sensitive to political interests. Consultant assistance is necessary to augment existing Commission staff to perform the review and Update. Consultants selected through a competitive process will ensure that the State receives the appropriate support, providing knowledge and expertise in technical Delta region issues, gathering stakeholder input, conducting public meetings smoothly and transparently, and ensuring that the related documents are professionally produced and presented.

If not approved, Commission staff would be unable to effectively update the most important component of the Economic Sustainability Plan related to the Delta agricultural economy, and therefore fail to meet a statutory mandate. The Delta region would not have current information to guide economic sustainability and therefore preservation and enhancement of the Delta as an evolving place, jeopardizing the primary objectives of the Delta Protection and Delta Reform Acts, and potentially leaving the State vulnerable to legal actions.

Given the Delta Protection and Delta Reform Acts' stated intentions to achieve the coequal goals while protecting and preserving the Delta as an evolving place, it is essential that the statutory mandate to review and update the ESP be met. The Commission requires \$150,000 for a partial update of the ESP policies on agriculture, the primary economic driver of the Delta economy and the primary focus of Delta land use. The \$150,000 would provide funding for consultants to augment Commission staff and assist in the review and update of the policies and recommendations of the ESP that the Council deferred, as well as conduct required public participation processes.

E. Outcomes and Accountability

Consultants will be identified and retained using standard State contracting processes and procedures. The contract will describe all requirements for compliance with the Delta Protection Act.

The Update process will be public and transparent, including: public discussions at meetings of the Delta Plan Interagency Implementation Committee, Delta Stewardship Council, the Delta Protection Advisory Committee, and the Commission; and public availability of related and draft documents.

After the public process, the Commission will only adopt an ESP Update that meets all requirements of the law.

The Commission will forward the partial ESP Update to the Delta Stewardship Council for incorporation into the Delta Plan. The Delta Plan includes performance measures related to its policies and recommendations. The Commission will monitor the progress on implementation of those policies and recommendations according to those performance measures, as well as consider the overall impact of Delta Plan implementation on Delta resources.

Projected Outcomes

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
ESP Update work to be initiated		X				
ESP Update due		X				
ESP Update released			X			
Next ESP Update work initiated						X

F. Analysis of All Feasible Alternatives

Alternative 1: Do not review and update the Economic Sustainability Plan. The Commission, Delta Stewardship Council, the Delta Conservancy, and local agencies and project proponents would continue to rely on an Economic Sustainability Plan that does not meet mandates to protect and maintain the Delta as required by the Delta Protection Act and Delta Reform Act, and therefore does not reflect current policies and conditions, which may leave the State vulnerable to legal actions

Analysis of Problem

Alternative 2: Existing Commission staff conducts the Economic Sustainability Plan Update. Without additional support, Commission staff would be redirected from ongoing required tasks to the Update, making it impossible to meet other mandates. Existing staff do not have the required depth and breadth of expertise available through a full-service consulting firm, including technical economic research and analysis related to the regional agricultural economy. As the Commission staff is also very small (currently seven full-time staff), the Update process would be lengthy, inefficient and without acceptably robust results, in contrast to a streamlined, professionally managed process with experts to structure and direct the analysis and public participation processes necessary for a successful Update. As a result, the Commission would have to weigh the costs and risks of failing to meet this or other mandates.

Alternative 3: Temporary augmentation for the Commission to hire 1-2 limited-term staff members to support existing Commission staff to conduct the Economic Sustainability Plan Update. It would be virtually impossible to identify and hire one or two qualified individuals through State service for limited-term positions. One or two individuals could not bring the breadth of resources available through a full-service consulting firm, including technical research, facilitation, resource and planning expertise, as well as document production. Workload would be difficult to manage; the work cycle would not conform to a standard 40 hour week schedule throughout the term. Due to the Commission's small staff size, other workload would be disproportionately affected by redirection of existing personnel to substantially support the Update, making it impossible to meet other mandates.

Alternative 4: Augmentation of \$150,000 from the General Fund to acquire professional consultant services. This would provide for professional consultant services to conduct a portion of the necessary Update in an efficient and timely manner; see Justification section above.

G. Implementation Plan

July 1, 2016 – Funding augmentation provided

October 1, 2016 – Commission issues Request for Proposals for consultant services

January 1, 2017 – Commission initiates contract to conduct Economic Sustainability Plan Partial Update

December 31, 2017 – Economic Sustainability Plan Partial Update complete

January 31, 2018 – Economic Sustainability Plan Partial Update adopted by Commission and policies forwarded to Council for incorporation to the Delta Plan

H. Supplemental Information

The Commission would use standard State processes to develop and release a Request for Proposals for consultant services. The Commission would work with the Department of General Services to consider options available through certified Small Businesses, DVBE businesses, CMAS vendors, and others, as is most appropriate for retaining the most suitable consultant services while achieving other State objectives. The contract would be awarded and implemented in accordance with State administration requirements.

I. Recommendation

The Commission requests that Alternative 4, a one-time augmentation of \$150,000 from the General Fund, be approved as proposed. This Alternative will enable the Commission to partially comply with State law by updating the most critical policies of the Economic Sustainability Plan—those affecting the agricultural economy of the Delta—to reflect revised Delta Plan policies to achieve the co-equal goals for the Delta.

BCP Fiscal Detail Sheet

BCP Title: Economic Sustainability Plan Update

DP Name: 3840-001-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services - External	0	150	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$150	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$150	\$0	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	150	0	0	0	0
Total State Operations Expenditures	\$0	\$150	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$150	\$0	\$0	\$0	\$0

Program Summary

Program Funding						
3130 - Delta Protection	0	150	0	0	0	0
Total All Programs	\$0	\$150	\$0	\$0	\$0	\$0