

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/13/2012
POSITION: Neutral

BILL NUMBER: AB 1578
AUTHOR: Logue, Dan

BILL SUMMARY: Indian Valley Watermaster District.

Current law requires that water is allocated by an impartial third party according to legal water rights established by court orders. The Department of Water Resources (DWR) is required to divide the state into watermaster service areas, in order to distribute water, according to certain water right determinations. Further, water rights holders in a watermaster service area may request the court to appoint a public agency other than DWR to serve as watermaster if requested by 15 percent or more of the water users.

This bill will establish the Indian Valley Watermaster District, a new watermaster district, within Plumas County. This would remove the responsibility and costs associated with a watermaster position within DWR and transfer those responsibilities to the local district.

FISCAL SUMMARY

This bill would not result in costs to the state as the district would be able to competitively bid for a watermaster services contract. Currently, the DWR watermaster services are provided by one position supported by fees paid by area residents.

In 2004, a budget trailer bill, SB 1107 (Chapter 230, Statutes of 2004) changed the funding of the State Watermaster Service Program. Under this law, General Fund was eliminated and users were required to pay all costs associated with the Watermaster Service Program administered by DWR. However, General Fund support remained until the 2011 Budget Act, at which time that support was eliminated and watermaster fees were increased for users.

Although the bill would impose certain duties on the new local entity (such as auditing of the district's accounts), it would not create a reimbursable state mandate because the district would have the ability to charge a fee to support the cost of the duties.

COMMENTS

The Department of Finance is neutral on this bill because it would create a watermaster district desired by the local community and would not have a fiscal impact on the state. The local community expects significant cost savings compared to the amount charged by the State.

This bill will authorize the new watermaster district to perform watermaster activities, allowing the new watermaster district the authority to levee fees sufficient to pay for the program. The bill also specifies that any costs Indian Valley incurs for the services provided to the new watermaster district will be included in the new watermaster's district budget. Upon appointment by a court, the new district will assume watermaster duties for the area.

For Plumas County the costs for DWR to administer watermaster services were \$166,800 in 2011. The local district anticipates that cost to be lower when contracting for the watermaster position. This is

Analyst/Principal Steve Wells	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director			Date
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

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COMMENTS (continued)

supported by figures provided by the Scott and Shasta Valley Watermaster District, which had DWR fees in excess of \$660,000 for 2011-12 and in its most recent contract has a savings of roughly 48 percent for the 2012-13 year compared to costs with DWR. This is based on services provided, while including \$50,000 per year for legal fees, if needed. If the surplus is depleted costs would be added to fees of the local rate payers. It has also been noted that local watermaster districts could contract with an existing provider of services to realize additional cost savings. It is unknown if Indian Valley will utilize this option if it becomes available.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code	
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015
3860/Water Res	SO	No		-----	See Fiscal Summary	-----		0001
3860/Water Res	SO	No		-----	See Fiscal Summary	-----		0995
<u>Fund Code</u>			<u>Title</u>					
0001			General Fund					
0995			Reimbursements					