



**FAQ on the Water Storage Investment Program
Revised Public Benefit Ratios
May 2018**

1. Q: Where are we in the Water Storage Investment Program process and what are the next steps?

A: The California Water Commission begins its public decision-making process in May, focused first on determining the final Public Benefit Ratio (PBR) for each of the 11 applications seeking \$2.7 billion in funding under the Proposition 1 Water Storage Investment Program (WSIP).

Proposition 1, approved by voters in 2014, allows the Commission to fund public benefit aspects of water storage projects: specifically, ecosystem improvement, water quality improvement, flood control, recreation and emergency response.

At its May 1-3 meeting in Sacramento, the Commission will consider updated staff recommendations and determine each project's final PBR, which is one of four component scores that will be used to award the Proposition 1 funding. The Commission will hear comment from staff, applicants and the public during the meeting.

The Commission will determine the other scoring components – Relative Environmental Value, Resiliency and Implementation Risk – at its June 27-29 meeting. Preliminary funding decisions will be made in July.

2. Q: Why did the Commission staff release updated recommendations and how do they differ from the initial ones issued in February?

A: Many of the initial funding applications did not include sufficient information about public benefits to allow for a full evaluation by Commission staff and technical review teams. As a result, the initial staff-recommended PBRs were lower than many applicants expected and the total amount that appeared eligible for funding was under \$1 billion.

The Commission allowed applicants to submit additional supporting information during an appeal process from Feb. 2 to Feb. 23. Staff analyzed the new information and released updated recommendations on April 20.

Based on the updated information, PBRs improved overall and the total amount that appears eligible for funding is now about \$2.6 billion. That puts the Commission on track to potentially award all the available Proposition 1 funding this summer.

3. Q: What are public benefits and why is the technical review focused on them?

A: Proposition 1 allows the state to fund ONLY specific public benefits associated with storage projects to help make them financially viable for local project proponents. Specific public benefits defined in Proposition 1 are ecosystem improvements, water quality improvements, flood control, recreation and emergency response. Applicants must provide detail on the public benefits to receive Proposition 1 funding.

4. Q: What is a Public Benefit Ratio?

A: It's a metric used to describe the return on investment the state would receive in the form of public benefits if the project were funded at the requested amount. More specifically, it is

the ratio of the monetized public benefits to the funding requested. The Public Benefit Ratio is one of four component scores that will be used to determine eligibility for Proposition 1 funding. The other components, which include Relative Environmental Value, Resiliency, and Implementation Risk, will be determined once the Public Benefit Ratio is finalized by the Commission in May.

The Public Benefit Ratio represents 33 percent of the overall score. Relative Environmental Value represents 27 percent, Resiliency represents 25 percent, and Implementation Risk represents 15 percent.

To qualify for funding under Proposition 1, projects must provide measurable improvements to the Delta ecosystem or tributaries of the Delta. Ecosystem improvement must account for at least half of a project's funded public benefits, and Proposition 1 funding cannot exceed 50 percent of a project's total capital costs, unless the project is a conjunctive use or reservoir reoperation project.

5. Q: How does the Public Benefit Ratio relate to the recommended eligible funding amounts for each project?

A: The Public Benefit Ratio and eligible funding amounts are related in that they both use the value of public benefits, but they differ in that the eligible funding amount takes into consideration Proposition 1 requirements (the Commission cannot fund more than 50 percent of a project's cost, and whatever the Commission funds must be made up of at least 50 percent ecosystem improvement benefit value).

The PBR is based on the total monetized public benefit, divided by the funding amount requested by the applicants. The eligible amount is the total value of a project's public benefits in all categories, with the Proposition 1 requirements applied.

6. Q. Who is part of the technical team reviewing the applications?

A: Review teams consisted of subject matter experts from the Commission, the Department of Fish and Wildlife, the Department of Water Resources and the State Water Resources Control Board. Each agency's review focused on specific subject matter, such as a type of physical benefit or water operations.

7. Q: Some of the staff-recommended Public Benefit Ratios are less than 1. Can those projects still qualify for funding?

A: Yes.

8. Q: How much is available to award this year?

A: Proposition 1 dedicated \$2.7 billion for the water storage program. As noted at the beginning of the application process, 2 percent of that amount is set aside for bond financing costs and 2.5 percent is set aside for state administrative costs over the life of the program, so the total funding available is \$2.582 billion.

9. Q: How can I stay up to date with decisions being made by the Commission?

A: Please visit the website at www.cwc.ca.gov or sign up for the listserv by emailing cwc@water.ca.gov.