

California 
WATER COMMISSION
FAQ on the Water Storage Investment Program
Final Application Scores
June 28, 2018

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

A: The California Water Commission will meet June 27-28 to make decisions on final application scores for eight water storage projects competing for nearly \$2.7 billion in Proposition 1 funding through the Water Storage Investment Program. The Commission will consider staff recommendations for three component scores – Relative Environmental Value, Resiliency, and Implementation Risk – that were released on May 25.

The final scores will be combined with previously determined public benefit ratios to create a final score on each project's overall expected return on investment. After the final scores are determined, the projects will be ranked in tiers, which the Commission will then use to make preliminary funding awards in July.

Also at the June 27-28 meeting, the Commission will make a series of determinations for each project based on technical reviews and appeal information. All nine determinations must be made for any project to move forward in the process.

In addition to making preliminary funding awards at its July 24-26 meeting, the Commission will consider requests for early funding from four applicants to help with activities such as feasibility studies and environmental reviews.

2. Q: What are the component scores and how are they weighted?

A: Proposition 1 requires the Commission to rank potential projects based on the expected return on the public's investment. To do that, the Commission will determine a Total Return on Public Investment Score for each project using four component scores. The Total Return on Public Investment Score is worth a maximum of 100 points and is composed of:

- Public Benefit Ratio (33 points)
- Relative Environmental Value (27 points)
- Resiliency (25 points)
- Implementation Risk (15 points)

3. Q: What is Normalization and how does it affect scores?

A: Some raw scores must be adjusted to the point scale specified in the regulations. This process is similar to grading on a curve. The final Commission-determined PBRs, for example, range from 1.00 to 2.92. The normalization function translates these ratios to point values and assigns 33 points to the application with the highest PBR. Remaining PBRs receive point values that reflect their distance from the highest PBR. The raw scores for Public Benefit Ratio (PBR), Relative Environmental Value (REV) and Implementation Risk component scores are normalized to the range of point values specified in the regulations using the formula contained in the regulations, section 6009(c)(1).

4. Q. How is the Public Benefit Ratio and Non-Monetized Benefit score determined?

A: The final PBRs were established following the May 1-3 Commission meeting. benefits by the applicant's funding request, and then normalized. The normalized PBR score is worth Each project's PBR was calculated by dividing the monetized value of the project's public a maximum of 33 points.

Applicants could also claim Non-Monetized Benefits (NMB) for recreation, emergency response or flood control benefits. If an applicant claimed any NMBs, and the project's normalized PBR score was under 33 points, then up to four points could be added to the PBR score. The total of the PBR and NMB points cannot exceed 33. If an applicant claimed non-monetized ecosystem or water quality benefits, they were scored within another component score, the Relative Environmental Value.

5. Q. How is the Relative Environmental Value (REV) score determined?

A: The Relative Environmental Value (REV) score reflects how a project meets the ecosystem priorities established by the Department of Fish and Wildlife and the water quality priorities established by the State Water Resources Control Board. These priorities and the associated evaluation criteria are specified in section 6007(c) of the WSIP regulations.

If a project provides both ecosystem and water quality improvements, the REV score is weighted 70 percent for ecosystem improvements and 30 percent for water quality improvements. If a project does not provide water quality improvements, then the ecosystem improvements are 100 percent of the REV score.

6. Q: How is the Resiliency score determined?

A: The Resiliency score has two components: 1) project flexibility and the ability to integrate into the State water system, and 2) ability to respond to an uncertain future, including the potential for extreme climate change.

Commission staff evaluates flexibility and integration using information from each project application. The evaluation of a project's response to an uncertain future is based on the applicant analysis of how a project may be affected by future climate extremes, future water management actions and drought. The future extreme climate conditions are provided by the Commission. Applications that showed a high quality of analysis and high level of integration and system flexibility score higher than those that show a low quality of analysis or low levels of integration and added system flexibility. Applications with a good quality of analysis, demonstrating that their project would provide water during a drought, score higher than applications with a low quality of analysis, or reduced public benefits or low performance during a drought.

7. Q: How is the Implementation Risk score determined?

A: The Implementation Risk reflects four measures of feasibility: technical, environmental, economic and financial. Each measure of feasibility is worth one to five points, depending on whether the information provided in the application shows a high or low risk of the project being built or operated, as well as whether the information was or was not well supported. The raw scores of the four measures are summed and then normalized to a point scale with a maximum of 15 points.

8. Q. What are the Nine Determinations?

A: Prior to deciding each project's maximum conditional eligibility for funding, WSIP regulations require the Commission to make a series of determinations for each project based on technical review and appeal information. All nine determinations must be made for any project to move forward in the process. Specifically, the Commission must determine that each project:

1. Is cost effective;
2. Improves the operations of the State water system;
3. Provides a net improvement in ecosystem and water quality conditions;
4. Provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta;
5. Would have a Program cost share that is less than or equal to 50 percent of the proposed project's total capital costs, with the exception of conjunctive use projects and reservoir reoperation projects;
6. Would have Program-funded ecosystem improvement benefits that make up at least 50 percent of the total public benefits funded by the Program;
7. Appears to be feasible;
8. Will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta; and
9. Is consistent with all applicable laws and regulations.

Commission staff released their recommendations for the nine determinations on June 15 and public meetings to answer questions about the determinations were held on June 20 and 21.

9. Q: Can the Commission change the component scores from the scores recommended by staff?

A: Yes. The Commission has the discretion to change scoring for the Non-Monetized Benefits added to the PBR score, as well as the Resiliency and Implementation Risk scores. The Commission may accept staff recommendations, adjust scores by up to 25 percent of the maximum value per category, or send the scores back to the staff for re-evaluation.

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

A: The review team consists 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 focuses on their respective subject matter, such as a type of physical benefit or water operations.

11. Q: What are Agency Findings and how do they fit into the program?

A: Proposition 1, Chapter 8 requires applicants to enter into a contract with the state agency responsible for administration of the public benefit produced by the project to receive funding. The agency must make a finding that the benefit meets the requirement of Chapter 8 before entering into a contract with the applicant (Water Code Section 79755 (a)(3)).

12. Q: How much funding is available to award through the WSIP?

A: Proposition 1, Chapter 8 allocates \$2.7 billion for the Water Storage Investment Program. As noted at the beginning of the application process in 2016, 2 percent of that amount is set aside for bond financing costs and about 2.4 percent is set aside for state administrative costs over the life of the program, bringing the total funding amount to \$2.5816 billion.

13. Q: Where can I find the updated Public Benefit Ratios and Eligible Funding for each of the projects?

A: The information can be found on the Commission website and a link to a summary table can be found here: <https://cwc.ca.gov/Documents/2018/WSIP/PBRtable051018.pdf>

14. 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.