



Quantification of Public Benefits

January 2012

Agenda

- ▶ Overview of the process
- ▶ List of priorities – DFG
- ▶ List of priorities – SWRCB
- ▶ Draft Report - Economic Tools and Methods
- ▶ Issues – Economic Methods
- ▶ Questions

Water Storage Provisions

SBx7 02: The Water Bond

Chapter 8: State Wide System Operational Improvements

- ▶ \$3 billion continuously appropriated to the California Water Commission “for public benefits associated with water storage projects that improve the operation of the state water system, are **cost-effective**, and provide a net improvement in ecosystem and water quality conditions”
- ▶ Funds awarded through a competitive process based on expected **returns on public investment**

Eligible Projects

1. CALFED Surface Storage Projects
 - ▶ North of the Delta Offstream Storage Project
 - ▶ Delta Wetlands,
 - ▶ Los Vaqueros Expansion,
 - ▶ Upper San Joaquin River Basin Storage Project
2. Groundwater Projects
3. Conjunctive Use and Reservoir Reoperations
4. Local and Regional Storage Projects

Public Benefit Categories

- ▶ Ecosystem improvements
- ▶ Water quality improvements
- ▶ Flood Control
- ▶ Emergency Response
- ▶ Recreation

Roles and Responsibilities

In consultation with DFG, SWRCB, and DWR, the commission shall **develop and adopt, by regulation**, methods for quantification and management of public benefits by December 15, 2012.

The regulations shall include:

- ▶ Priorities and relative environmental value of ecosystem benefits as provided by DFG.
- ▶ Priorities and relative environmental value of water quality benefits as provided by SWRCB.

Other Provisions

- ▶ 50% Cap on State Share
- ▶ Ecosystem benefits must account for 50 percent of public benefits
- ▶ Projects must benefit Bay-Delta watershed
- ▶ Funds cannot be used to pay for:
 - ▶ Mitigation or for meeting existing environmental commitment
 - ▶ Delta conveyance facilities

Key Dates

By December 15, 2012:

CWC to adopt by regulation methods to measure public benefits

By January 1, 2018:

Eligible Projects must have:

- ▶ Complete feasibility studies
- ▶ Draft EIR/EIS available for public review
- ▶ Finding by Commission that project is feasible
- ▶ Cost share commitments for 75% of nonpublic share

Report on Economic Tools and Methods

- ▶ Expands on the definition of public benefits
- ▶ List the various economic tools and methods
 - ▶ Capabilities and limitations
 - ▶ Screening
- ▶ Recommendation for
 - ▶ Regulations
 - ▶ Guidelines

Team of Economists

- ▶ Ray Hoagland, DWR
- ▶ Farhad Farnam, DWR
- ▶ Gerald Horner, SWRCB
- ▶ Steve Hatchett, CH2M Hill
- ▶ Roger Mann, RMann Economics

Letters to Experts for Input:

Academic Economists

University of California, San Diego
University of California, Riverside
University of California, Berkeley
University of California, Santa Barbara
University of California, Davis
Oregon State University
Humboldt State University
Colorado State University
Pomona College
Public Policy Institute of California

Federal Agency Economists

U.S. Fish and Wildlife Service
National Marine Fisheries Service
U.S. Bureau of Reclamation

Consulting Economists

M-Cubed, Oakland,
Economic Insights, Santa Cruz

Outreach

- ▶ CA Water Plan – Finance Caucus
- ▶ CA Water Storage Workshops – 2 Days
- ▶ Draft Report
 - ▶ CWC Website
 - ▶ Water Plan Enews
 - ▶ Delta Enews

Schedule

- ▶ Identify economic tools and methods – public review
- ▶ DFG – List of priorities Feb/2012
- ▶ SWRCB – List of priorities Feb/2012

Regulations

- ▶ Initial Draft for CWC/public review – June 2012

Guidelines

- ▶ Initial Draft for CWC/public review – June 2012

