



# Quantification of Public Benefits

August 2012

# Water Storage Provisions

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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

# Legislation- Regulation

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## Chapter 8 of SBx7\_2

79744. 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.

# Legislation - Guidelines

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## SBx7\_2: Chapter 4. General Provisions

- ▶ 79708. (a) Prior to disbursing grants ... **each state agency** that is required to administer a competitive grant program under this division shall develop and adopt project **solicitation and evaluation guidelines**.

# Public Benefit Categories

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- ▶ Ecosystem improvements
- ▶ Water quality improvements
- ▶ Flood control
- ▶ Emergency response
- ▶ Recreation

# Eligible Projects

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- ▶ CALFED Surface Storage projects
- ▶ Groundwater Storage projects
- ▶ Conjunctive use and reservoir reoperation projects
- ▶ Local and regional surface storage projects

Projects must provide a measurable benefit to the Bay-Delta watershed

# Other Provisions

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- ▶ Public Benefits Cost Share Limit - 50% of total project cost
- ▶ Ecosystem benefits must be at least 50 percent of total public benefits
- ▶ Funds cannot be used to pay for:
  - ▶ Mitigation or for meeting existing environmental commitment
  - ▶ Delta conveyance facilities

# Draft Documents Prepared to Date

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1. Draft Report - Economic Tools and Methods
2. Working Draft of Regulations
3. Working Draft of Statement of Reasons
4. Working Draft of Guidelines
5. Priorities for Water Quality Benefits (SWRCB)
6. Priorities for Ecosystem Benefits (DFG)

# Draft Regulatory Language Includes:

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- ▶ Relevant provisions in Chapter 8
- ▶ Definitions
- ▶ Information to be submitted by applicants
- ▶ Steps for quantification of public benefits
- ▶ Priorities and relative environmental values
- ▶ Plans and commitments for monitoring, verification, and management of public benefits
- ▶ Process for reviewing and evaluating applications
  - ▶ Expert evaluation panel
  - ▶ Commission's determinations

# Draft Regulatory Language:

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## Information to be Submitted by Applicants:

- ▶ Quantified public benefits
- ▶ Draft environmental documents
- ▶ Feasibility study
- ▶ Commitments for costs of nonpublic benefits
- ▶ Relationship to priorities and relative environmental values
- ▶ Draft operations, monitoring, management plan
- ▶ Other compliance

# Draft Regulatory Language:

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## Feasibility Study Should Includes:

- ▶ Project purposes, description, costs
- ▶ Technical feasibility (will it work?)
- ▶ Description and quantification of benefits
- ▶ Benefit-cost assessment
- ▶ Cost allocation and financial analysis
- ▶ Legal and institutional, e.g. permits required, consistency with existing laws, contracts, etc.

# Draft Regulatory Language:

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## Review and Evaluation Process

Step 1: Applicants submit proposals

Step 2: Expert panel reviews and make recommendations to Commission

Step 3: Public hearing

Step 4: Commission makes findings and submits to legislature

# Draft Regulatory Language:

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## Quantification of Public Benefits

Approach: Provide standards of analysis; specific methods not required.

- ▶ Define conditions without project
- ▶ Quantify physical benefits provided
- ▶ Quantify any costs reduced or avoided
- ▶ Identify feasible alternatives and their costs
- ▶ When possible, estimate monetary benefit resulting from physical benefit
- ▶ Use discount rate to display quantified benefits and costs at common point in time
- ▶ Documentation

# Draft Regulatory Language:

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## Priorities and Relative Environmental Values

- ▶ Ecosystem priorities provided by DFG
- ▶ Water quality priorities provided by SWRCB
- ▶ Principles that agencies will use to assess relative environmental value

# Draft Regulatory Language:

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## Monitoring, Verification, and Management

- ▶ Project operations plan to provide the claimed public benefits
- ▶ Project monitoring and reporting plan
- ▶ List of commitments for project operations, monitoring, and reporting

# Working Draft - Statement of Reasons

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- ▶ Provides rationale for selection of language in the working draft of the regulation
- ▶ Follows the outline of the draft regulation
- ▶ Discusses alternative approaches considered
- ▶ Identifies material relied upon

# Working Draft - Guidelines

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- ▶ Scope of public benefits, physical and economic benefits
- ▶ Eligible projects
- ▶ Available funding and funding constraints
- ▶ Public benefits quantification steps
- ▶ Required documents
- ▶ Selection process
- ▶ Funding administration details

PSP Package could include full DFG and Board documents, Guidelines, and Economic Tools and Methods Report

# Questions & Comments

