

Background

The Safe, Clean, and Reliable Drinking Water Supply Act of 2012 (the Act) requires:

In consultation with the Department of Fish and Game, the State Water Resources Control Board, and the department, the [California Water] commission shall develop and adopt, by regulation, methods for quantification and management of public benefits described in Section 79743 by December 15, 2012. (Water Code 79744)

In March 2011, the Water Commission directed DWR to prepare work products on quantification and management of public benefits. Work products included a survey of economic tools and methods to quantify the public benefits of water projects, and working drafts of potential language for inclusion in regulations and guidelines that the Commission must develop if funding is approved by voters. The postponement of the water bond to the 2012 and subsequently 2014 ballot has provided an opportunity for the Commission to look more broadly at the issue of public benefits and consider other ways in which quantifying public benefits could help advance state water policies. It is the intention of the Commission to work with other state and public agencies to advance the development of state policies on public benefits and public financing of water projects that could be applicable to a future water bond or other planning and resource management activities. From its initial work, the Commission developed a [list of questions](#) which will be the subject of deliberations and summarized in this series of Draft Concept Papers.

This paper addresses the definition and scope of Water Quality Benefits as discussed at the Commission's November 14, 2012 meeting.

The goal of this paper is to summarize the Commission's initial discussions, and to generate public comment to inform future decisions.
It does not represent a decision by the Commission.

Question

Exactly what water quality benefits should qualify as public benefits, as the State considers public funding for water supply projects?

See [Issue Paper 1. CWC Public Benefits Discussion: Water Quality Benefits](#)

Discussion

The bond defines water quality benefits as, *"Water quality improvements in the Delta, or in other river systems, that provide significant public trust resources, or that clean up and restore groundwater resources"*.

Staff provided two interpretations of "Water Quality Benefits" and reviewed how those interpretations would apply to different types of example water storage projects.

The first option more narrowly interprets water quality benefits as, *“Water quality improvements in the Delta, or in other river systems, that either 1) provide significant public trust uses, or 2) clean up and restore groundwater resources.”*

A second option interprets water quality more broadly as, *“Water quality improvements either in the Delta, or in other river systems, so long as these are significant public trust resources, or that clean up and restore groundwater resources.”*

Under the first option, most water quality benefits that accrue to local water users would not qualify as public water quality benefits. There might be cases where some types of benefits that accrue to end users, such as public health benefits or local ecosystem benefits, would be eligible. Under the broader interpretation, most water quality benefits that accrue to local water users would be eligible.

Several Commissioners expressed their support for the first option, stating it is more aligned with the intent of the legislation and more practical in terms of implementation. The inclusion of the term “public trust resources” in the legislation suggests that public funds were intended primarily for benefits involving public trust uses which do not generally include consumptive uses. Under option 1, benefits to water users resulting from projects that “clean up and restore groundwater resources” might still count as water quality benefits.

The narrow interpretation could also allow the available funds to go further. Some members agreed that water quality improvements that improve ecosystem conditions could possibly be counted as “ecosystem” benefits depending on the project. Questions about a specific case or type of project could not be predetermined or evaluated outside of an actual grant application.

Other members were not ready to support either proposed option and asked for additional public comment, feedback, and discussion before coming to a decision.

The Act also requires that a proposed project must have an overall benefit to the Delta ecosystem to be eligible for public funding. If this condition is not met, then water quality benefits would not qualify regardless of the interpretation of the water quality definition provided by the Act. If the overall project makes improvements to the Delta ecosystem, then water quality benefits realized outside of the Delta may count as eligible public benefits.

Attachments

[Issue Paper 1. CWC Public Benefits Discussion: Water Quality Benefits](#)

[Items for Follow-up Discussion: Policy Questions](#)