

Summary of Water Commission Work Activities and Proposals to Resolve Issues Regarding Definitions of Public Benefits of Water Storage Projects

Since 2011, the California Water Commission has been working to 1) clearly define specific types of benefits that would qualify as public benefits under the SBX7-2 legislation, 2) determine the best ways to measure these public benefits in physical and economic terms, 3) decide how to consider economic benefits together with priorities of the Department of Fish and Wildlife (DFW) and the State Water Resources Control Board (Board) in a project selection process, and 4) decide how to implement assurances and monitoring for a project's public benefits.

The Commission directed DWR to prepare work products on quantification and management of public benefits. These documents included a survey of economic tools and quantification methods and working drafts of potential language for inclusion in regulations and guidelines if the current proposed bond measure is approved by voters in 2014. The Commission has also worked with the DFW and the Board to identify the priorities of those agencies as directed in WC §79744.

These documents were presented to the Commission in August 2012 and discussed at the September and October 2012 meetings. At the October 2012 meeting, staff presented a document entitled, "Items for Follow-up Discussion." Additional discussion on definitional issues for ecosystem, water quality, and recreation benefits were held at the Commission's recent meetings. The following summary of these issues, and a proposal for general definitions, is provided below.

Summary of Issues

1. Ecosystem Benefits (December 2012 Meeting): Which benefits produced by a water storage project should qualify as the public ecosystem benefits of that project?

- Can a benefit qualify as an ecosystem improvement benefit only if it results from the restoration of aquatic ecosystems and native fish and wildlife?
- Should a benefit resulting from restoration of native fish and wildlife, such as increased catch of fish, count as a recreation benefit or should it count as an ecosystem improvement?

- Additional consideration will be given to projects with ecosystem benefits meeting the priorities of the Department of Fish and Wildlife, but how will those priorities be factored into the project selection process?

2. Water Quality Benefits (November 2012 Meeting): Which of the water quality benefits produced by a water storage project should qualify as water quality public benefits?

- Are public benefits limited to those water quality benefits directly related to public trust uses or that clean up groundwater? Or should consideration be given to water quality benefits such as improved drinking water quality, that accrue to local water users in areas that could be far from the water storage project or the Delta?
- Additional consideration will be given to projects with water quality benefits meeting the priorities of the State Water Resources Control Board, but how will those priorities be factored into the project selection process?

3. Recreation Benefits (January 2013 Meeting): What recreation benefits generated by a water storage project should qualify when determining the public benefits of that project?

- Would outdoor recreational activities on or adjacent to the new facility be the only benefits that qualify?
- Or would those further away that exist due to a more reliable water supply provided by the project be considered as well?

Proposed Public Benefits Definitions

The following discussion proposes definitions of the three critical public benefits categories. The definition of ecosystem benefits is paramount because ecosystem benefits must be at least 50 percent of all public benefits of a project funded under the Act, and because the proposed ecosystem benefits definition excludes some benefits which then fall into other public benefits categories by default.

The Act requires that Ecosystem Benefits “contribute to restoration of aquatic ecosystems and native fish and wildlife.” Therefore,

1. Ecosystem benefits are only benefits that stem from (are caused by) restoration of aquatic ecosystems and native fish and wildlife. Under this definition,

- Aquatic ecosystem improvements that do not benefit native fish and wildlife would not qualify. Specifically, benefits for non-native species would not qualify, but they might qualify as recreation benefits;
- Benefits to aquatic ecosystems and native fish and wildlife caused by water quality changes would be ecosystem benefits;
- Ecosystem benefits must be net of any mitigation requirement; and
- The measure of economic benefit should be tied to the amount of aquatic improvement, or even better, to the expected amount of native fish and wildlife improvement.

The Commission discussed the possibility that ecosystem benefits could be expressed as reduced costs or benefits for water supply. For example, a project that recovered Delta Smelt could benefit water users if future regulatory restrictions were eased or avoided as a result. This type of benefit, although possible in principle, would not be allowed because it would be too speculative.

2. Water quality benefits are any and all benefits caused by water quality improvements in the Delta or in river systems except 1) ecosystem benefits, and 2) benefits obtained by surface water suppliers. Under this definition,
 - Water quality benefits that are not caused by an improvement in water quality in the Delta or river systems would not qualify;
 - Water quality benefits obtained by the public, such as residential, agricultural, commercial and industrial water users would qualify;
 - Benefits or reduced costs obtained by water suppliers (such as reduced treatment or management costs) would not qualify, except that;
 - All benefits caused by “the clean-up or restoration of groundwater resources” would qualify as suggested by the Act.
3. Recreation benefits are any other outdoor recreation benefits caused by the project, plus any recreation benefits provided by water supply for public facilities in disadvantaged communities (DACs). Under this definition;
 - Surface water recreation, flow-based recreation, and other recreation on project lands that is caused by or enabled by the project would qualify;
 - Recreation benefits caused directly by water quality improvement could be either recreation or water quality; it would not matter.
 - Recreation benefits at public parks and pools in DACs would qualify. Benefits would be limited to the net increase in recreation use caused by the increase in water supply.

Follow-up Actions

The Commission must decide if these definitions of public benefits are most consistent with the Act and other legislation and policies, and if not, what alternatives are preferred.