

Handout for California Water Commission March 19, 2014 Meeting

Re: Summary and Initial Recommendations on Comments Received on the SBX7-2 Working Draft Regulation and Guidelines

For this summary, staff has divided the comments into three general categories:

1. No change is needed or the change suggested by the comment is not advised.
 - a. The comment is not pertinent to the specific topics covered in the draft regulation or guidelines
 - b. The comment is not consistent with SBx7-2
 - c. The comment requests a high level of detail not required in regulation or guidelines
2. Suggested change is consistent with law and advisable for clarity.
 - a. Staff can provide suggested revisions if directed by Commission
 - b. CDFW and State Water Board need to consider comments about priorities and relative environmental values language and provide input to the Commission at the appropriate time in the future
3. Further discussion with Commission is needed to assess and respond.

Further discussion with Commission is needed to assess and respond

Staff has identified four categories of comments received that warrant further discussion and direction from the Commission. These are:

1. What will be the composition of the expert panel and how will it be selected?
2. What will be the exact role of the expert panel and what input will it provide to the Commission?
3. How will CDFW and State Water Board priorities and relative values be weighed relative to "return for public investment?"
4. What exactly is included in each category of public benefits, and how will non-monetized benefits be included and weighed against monetized benefits?

These are summarized below with staff's recommendation.

1. Composition of expert panel

Example comment: "The regulations do not specify how panelists will be identified and selected. What process will be used to identify, review, approve, and oversee expert panelists?"

Suggestion: No additional detail needed at this time. After a bond initiative has been approved by voters, the panel selection process and composition can be considered by the Commission using recommendations from DWR and other agencies, as well as other factors it may want to use.

2. Exact Role of the expert panel and the input it provides to Commission

Example comments: "It is not appropriate for a panel to evaluate the proposals or to score or rank proposed projects." "Scoring concept introduced. Scoring, prioritization, etc. unclear as to how established and why necessary." "Who establishes weights - CDFW/SWRCB, Panel, Commission?"

SBX7-2 states "Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided"

Some options the Commission may want to consider in terms of how it receives information from the expert panel are:

- No scoring provided by the panel: screening and qualitative information only
- Scoring for multiple criteria is provided but no weighting of scores
- Scoring and weighting are provided, along with a recommended ranking

In any of these cases, ***the final ranking is up to the Commission.***

Recommended: Language should be kept as general as possible. This was requested by the Commission at past meetings in order to remain flexible. Commission should wait for revised bond language before reconsidering.

3. How will CDFW and State Water Board priorities and relative values be weighed relative to "return to public investment?"

Example comments: "References cost benefit analysis with no correlation to role of DWR/SWRCB determinations" "Has no reference to CDFW/SWRCB determination of public benefit valuation/priority as to determine willingness to pay values"

Some options the Commission could consider:

- CDFW/Water Board would screen projects to make sure they address at least one priority
- Work with CDFW/Water Board to develop evaluation criteria that supplement but are separate from the "expected return for public investment."
- Attempt to combine CDFW/Water Board priorities into the "expected return for public investment."

Recommended: Wait for revised bond language.

4. What exactly is included in each category of public benefits and how will non-monetized benefits be included?

Example comments: “The willingness of the public to pay for property in the vicinity of projects . . . are appropriate considerations in prioritizing funding.” “Should temperature improvements that result in ecosystem benefits be specifically noted as a water quality benefit?” “How will non-monetary flood benefits be considered?” “What about fish actions that result in recreational fishing outside the immediate area?”

Recommended: Some comments can be addressed as simple clarifications. Otherwise, public benefit categories may change with new legislation, so final decisions on this issue should wait for revised bond language.

Next Steps

- Where suggested change is consistent with law and advisable for clarity, staff will make suggested revisions to the working draft regulation and guidelines.
- Ask CDFW and Water Board to consider the comments about priorities and relative environmental values language, and provide their recommended responses or changes when appropriate.
- Direct staff to consider input from Commission and develop options for the selection and role of the expert panel.
- Monitor legislation on proposed water bond.