

APRIL 2015

California Water Commission
Water Storage Investment Program
Public Meeting

Welcome and Introductions

Questions to be Answered Today

- Proposition 1 passed, now what?
- What does the legislation actually say?
- Who is the California Water Commission?
- What is the Water Storage Investment Program?
- What projects may be eligible for funding?

Proposition 1

Water Quality, Supply, and Infrastructure Improvement Act of 2014

Voters pass Prop 1, the water bond

- California voters overwhelmingly passed water bond by a 2-1 margin
- Bond charges the California Water Commission to allocate \$2.7 billion for water storage

Proposition 1, a water bond measure, passes



NEWS

California voters approve \$7.5 billion water bond

By SCOTT SMITH Associated Press 1:04 P.M. NOV. 4, 2014

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LOS ANGELES (AP) — California voters on Tuesday approved spending \$7.5 billion to improve the state's outdated and undersized water storage and delivery system amid a historic drought.

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Proposition 1 Chapter 8

Proposition 1 continuously appropriates \$2.7 billion to the 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...”*

Who is the California Water Commission?

- Nine-member Governor-appointed commission
- Broad experience in water, environment, agriculture, and business
- Commission is conducted in public, which allows for broad stakeholder involvement and transparency



Proposition 1 Chapter 8 Walkthrough

Assembly Bill No. 1471
CHAPTER 188

An act to add Sections 5096.968 and 75089 to the P
Division 26.7 (commencing with Section 79222, and 79591
to repeal Section 2 of Chapter 3 of the Sevent
the Statutes of 2009, relating to a water qual
improvement program, by providing the fun
an election for the issuance and sale of bon
for the handling and disposition of those
thereof, to take effect immediately.

(Approved by Governor
Secretary of S

LEGISLAT

AB 1471, Rendon, Water C
Act of 2014.
(1) Existing law, the S
Act of 2012, if approve
bonds in the amount
Obligation Bond Law
reliability program
act to the voters at
This bill would repe

Resources Code
Under Division 9 (commencing with Section 10000) shall be deemed
sufficient to satisfy the requirements of this section.

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL IMPROVEMENT
AND DROUGHT PREPAREDNESS

79750. (a) Notwithstanding Section 162, the commission may make
the determinations, findings, and recommendations required of it by this
chapter independent of the views of the director. All final actions by the
commission in implementing this chapter shall be taken by a majority of
the members of the commission at a public meeting noticed and held
pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing
with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the
Government Code).

(b) Notwithstanding Section 13340 of the Government Code, the sum
of two billion seven hundred million dollars (\$2,700,000,000) is hereby
continuously appropriated from the fund, without regard to fiscal years, to
the 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, in
accordance with this chapter. Funds authorized for, or made available to,
the commission pursuant to this chapter shall be available and expended



Competitive Process

§79750(c)

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, pursuant to criteria established under this chapter.

§79751 Eligible Storage Projects

- Surface storage projects identified in the CALFED ROD
- Groundwater storage projects and groundwater contamination prevention or remediation with storage benefits
- Conjunctive use projects
- Reservoir reoperation projects
- Local surface storage projects
- Regional surface storage projects

Measurable Improvements to Delta

§79752

A project shall not be funded pursuant to this chapter unless it provides measurable improvements to the Delta ecosystem or to the tributaries to the Delta.

Public Benefits

§79753 (a)

Funds allocated pursuant to this chapter may be expended solely for the following public benefits associated with water storage projects:

Ecosystem Improvements

Ecosystem improvements, including:

- Changing the timing of water diversions that contribute to the restoration of aquatic ecosystems and native fish and wildlife
- Improvement of flow conditions, temperature, or other benefits that contribute to the restoration of aquatic ecosystems and native fish and wildlife

Water Quality Improvements

Water quality improvements, including:

- Water quality improvements that provide significant public trust resources in the Delta
- Water quality improvements that provide significant public trust resources in other river systems
- Water quality improvements that clean up and restore groundwater resources

Flood Control Benefits

Flood control benefits, including, but not limited to:

- Increases in flood reservation space in existing reservoirs by exchange for existing or increased water storage capacity in response to the effects of changing hydrology and decreasing snow pack on California's water and flood management system

Emergency Response

Emergency response, including, but not limited to:

- Securing emergency water supplies and flows for dilution and salinity repulsion following a natural disaster or act of terrorism

Recreational Purposes

Recreational purposes, including, but not limited to:

- Recreational pursuits generally associated with the outdoors

Regulations

§79754

In consultation with the Department of Fish and Wildlife, the state board, and the Department of Water Resources, the commission shall develop and adopt, by regulation, methods for quantification and management of public benefits...

Regulations

§79754

...The regulations shall include the priorities and relative environmental value of ecosystem benefits as provided by the Department of Fish and Wildlife and the priorities and relative environmental value of water quality benefits as provided by the state board.

How Soon can Funding be Allocated?

§79755(a)

...no funds allocated pursuant to this chapter may be allocated for a project **before December 15, 2016...**

Public Benefit Cost Share

§79756

(a) The public benefit cost share of a project funded pursuant to this chapter... shall not exceed 50 percent of the total costs of any project funded under this chapter.

(b) No project may be funded unless it provides ecosystem improvements that are at least 50 percent of total public benefits of the project funded under this chapter.

Eligibility Requirements

§79757 (a)

A project is not eligible for funding under this chapter unless by January 1, 2022, all of the following conditions are met:

- (1) All feasibility studies are complete and draft environmental documentation is available for public review.
- (2) The commission makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Delta.
- (3) The director receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

The Commission is Committed to

- Improving the overall health of our water management system
- Respecting the public's trust that Proposition 1 funding is spent efficiently and maximizes public benefits
- Conducting its work in an open, transparent manner
- Developing a program that benefits our state, our people, and our environment

Water Storage Investment Program

- The Commission is implementing the requirements of Proposition 1 through the Water Storage Investment Program.

Water Storage Investment Program Overview

Water Storage Investment Program

- The Water Storage Investment Program will be developed to:
 - Comply with Proposition 1 & other relevant law
 - Take actions described in the California Water Action Plan
 - Advance the Delta Co-Equal Goals

California Water Action Plan

- Program will help achieve the desired outcomes of the Water Action Plan
- Plan lays foundation for improved water management:
 - More reliable water supplies
 - Restoration of important species and habitat
 - More resilient, sustainably managed water resources system



Draft Program Vision

After March 2017 and before January 2022, the California Water Commission will commit the \$2.7 billion in Proposition 1 Water Storage Investment Program funds to qualified water storage projects that will provide public benefits to California, improve the operation of the state water system, are cost effective, and provide measurable improvements to the Sacramento-San Joaquin Delta or the tributaries to the Delta.

Draft Goals, Objectives, & Principles

- The Development and Implementation of the Water Storage Investment Program will be guided by a Goals, Objectives, & Principles Document (available on the Commission's website – www.cwc.ca.gov)

Draft Program Goals

- Provide for a transparent public process
- Maximize the expected return for public investment as represented by the magnitude of public benefits
- Support the co-equal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem

Draft Program Goals (cont'd)

- Improve water supply reliability in average and dry years for all purposes through water storage projects
- Increase local and regional water supply reliability (i.e., “self-reliance”); thereby, reducing reliance on water supplies conveyed through the Delta
- Promote and provide incentives for integrated,

Draft Program Objectives

- By March 2015, the Commission will initiate a stakeholder and public engagement process to ensure the Water Storage Investment Program is implemented in an open, transparent, and fair manner. The Commission will work with a broad array of stakeholders to develop the regulations and guidelines that will shape the Water Storage Investment Program.

Draft Program Objectives (cont'd)

- By December 15, 2016, the Commission will develop and adopt by regulations, through the Administrative Procedures Act, methods for the quantification and management of the public benefits of water storage projects, which shall include:
 - Priorities and relative environmental value of ecosystem benefits as provided by the California Department of Fish and Wildlife; and
 - Priorities and relative environmental value of water quality benefits as provided by the State Water Resources Control Board.

Draft Program Objectives (cont'd)

- By March 2017, the Commission will release draft project solicitation and evaluation guidelines for the Water Storage Investment Program and conduct meetings to consider public comments before finalizing the guidelines.
- After March 2017 and before January 2022, the Commission will select projects through a competitive public process that ranks proposed projects based on expected return of public investment.

Draft Program Principles

- Principles indicate how the Commission will implement the Water Storage Investment Program
- Taken from statute, policy, and the Commission's strategic plan that express the values of the Commission

Draft Program Principles (cont'd)

- The Commission is committed to an open public process.
- The program will be developed and implemented in accordance with all statutory requirements.
- The program will support and implement the objectives of the California Water Action Plan.
- The Commission intends to engage the public; stakeholders; and State, federal, and local agencies in an open and transparent public process.
- The Commission will consult with Native American tribal

Draft Program Principles (cont'd)

- The Commission will consider the Human Right to Water requirements in its decision-making.
- The program will use best available science and established economic principles.
- Special consideration will be given to projects that provide the greatest statewide benefit, provide multiple benefits, and that leverage other public and private investments.

Draft Program Principles (cont'd)

- Program materials will be developed with the intent to provide clear information and guidance, including necessary technical and program assistance.
- The Commission acknowledges the finding in Proposition 1 that sustainable water management depends upon reducing or reversing groundwater overdraft and water quality impairment of groundwater basins.

Recap: Types of Eligible Storage Projects

- Surface storage
 - CALFED
 - Regional
 - Local
- Groundwater storage and groundwater contamination prevention or remediation with storage benefits
- Conjunctive use
- Reservoir reoperation

Recap: Public Benefits of Storage

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

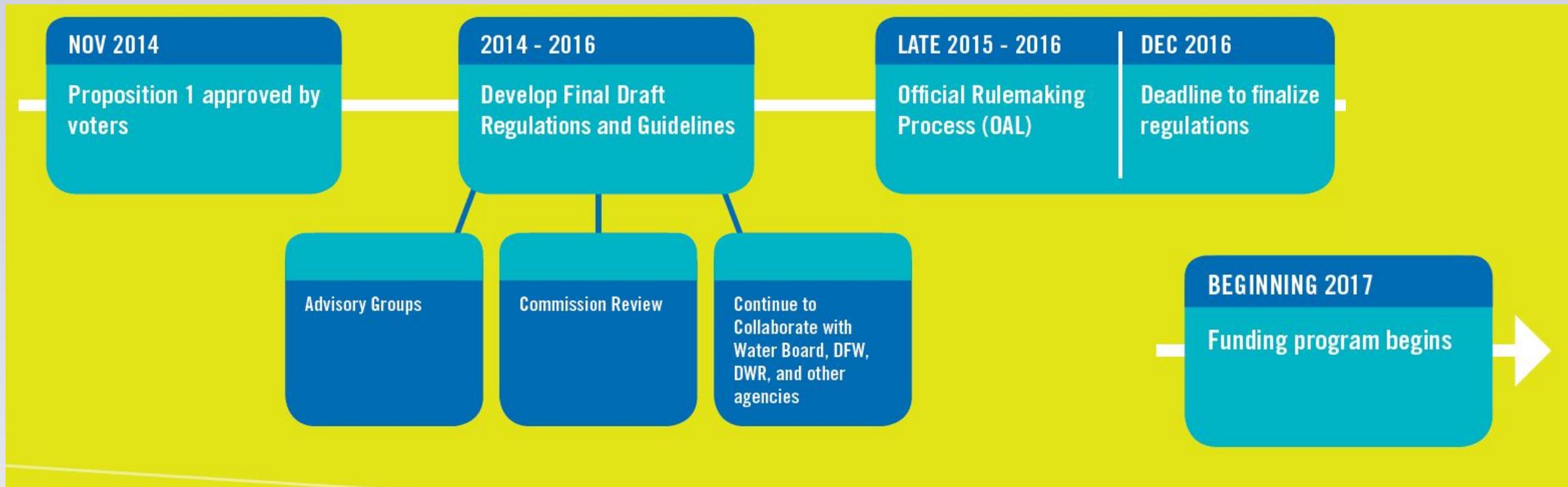


Recap: Funding the Public Benefits of Water Storage

- State will fund the public benefits of a project through this program
- Law requires projects improve water quality, ecosystems, and the Delta



Recap: 2015/2016 Anticipated Timeline



Communications & Engagement

Public and Stakeholder Participation is Key

- Commission Meetings
- Public Meetings
- Stakeholder Advisory Committee Meetings
- Commission's Website and Listserve
- Water Project Scoping Survey

C&E Timeline

- See Handout in Packet
- SAC Meetings – 1st Wednesday
- Commission Meetings – 3rd Wednesday
- Public Meetings in April and July/August

Scoping Survey

- Survey was first step in outreach process
- Purpose – to gauge the level of interest from potential applicants and their understanding of the legislation and process for funding water storage projects
- Released on February 24
- Sent to:
 - CWC listserve
 - 22 other organizations and listserves

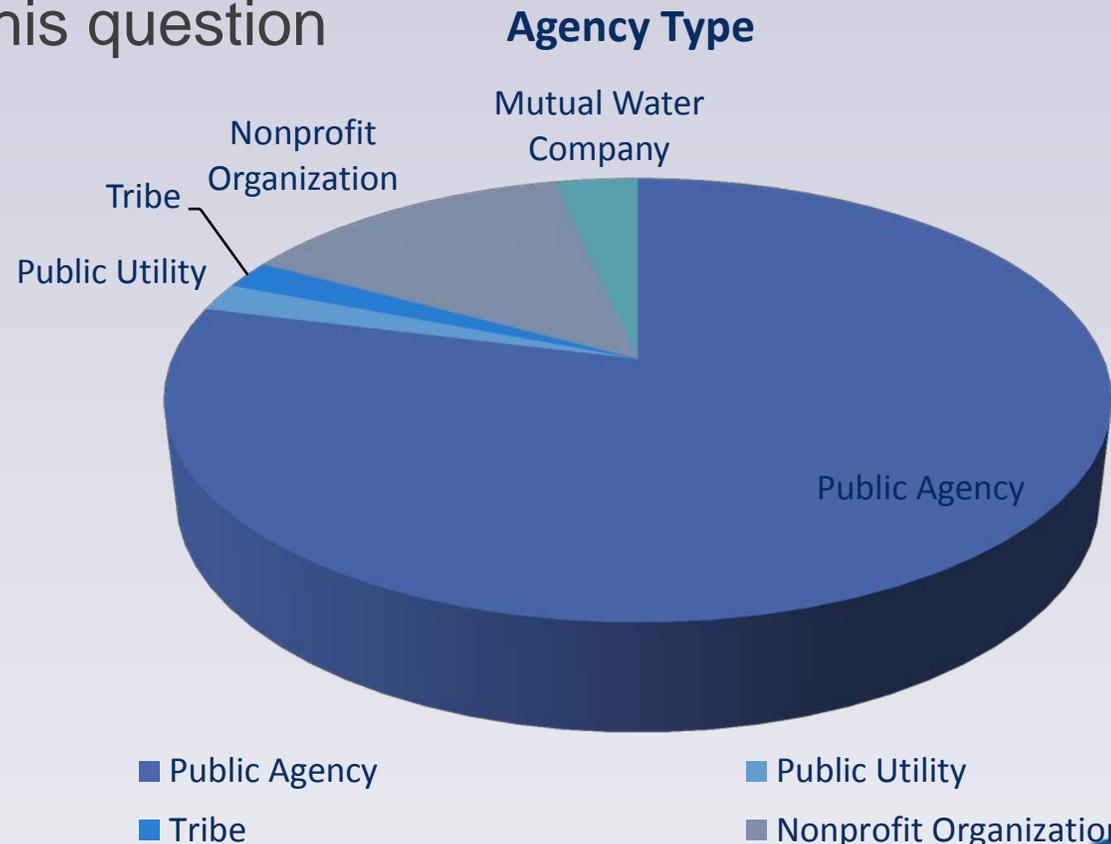
Preliminary Survey Results

- Close to 170 Responses received as of April 6
- Responses eliminated due to “test” answers and duplicate projects
- Statistics based on 147 responses

Agency Types

- 147 (100%) respondents answered this question

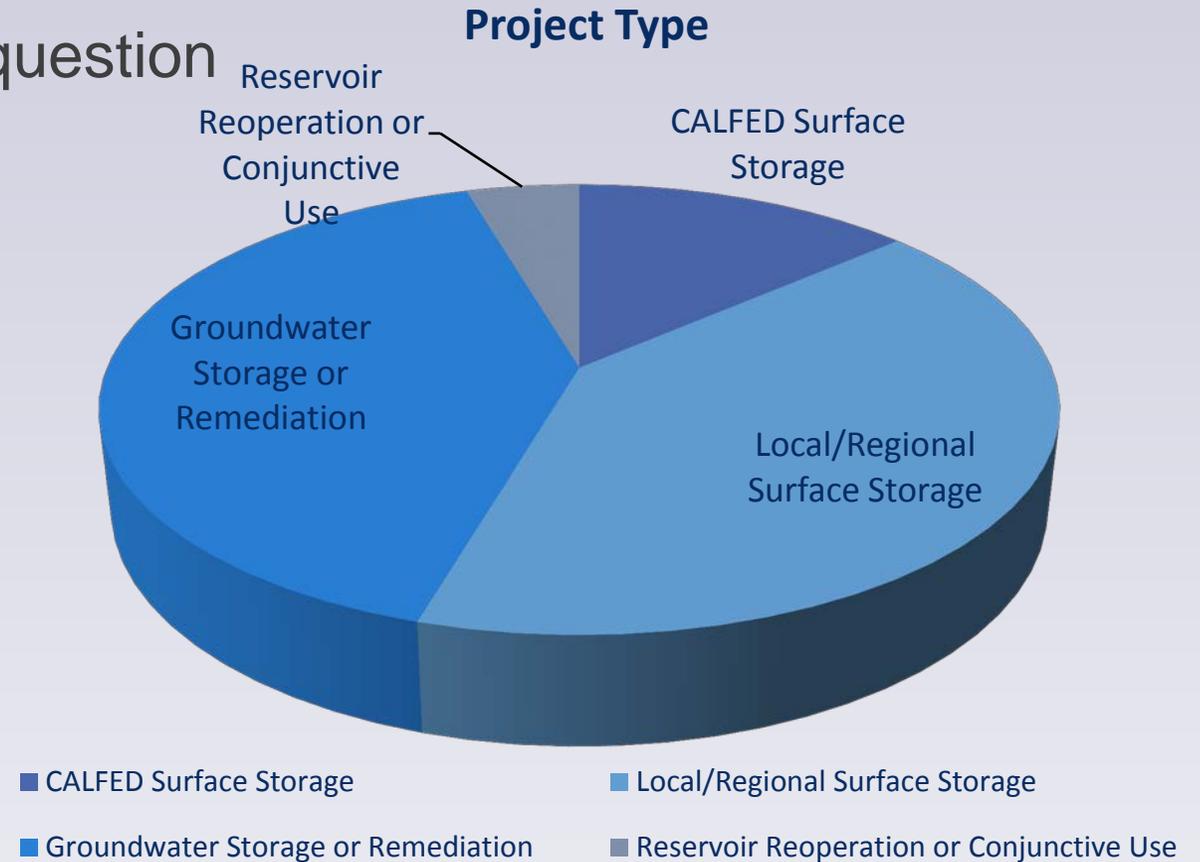
Agency Type	Reponses	Percent
Public Agency	116	79%
Public Utility	3	2%
Tribe	3	2%
Nonprofit Organization	20	14%
Mutual Water Company	5	3%



Project Types

- 123 (84%) respondents answered this question

Project Type	Reponses	Percent
CALFED Surface Storage	3	2%
Local/Regional Surface Storage	47	38%
Groundwater Storage and Remediation	61	50%
System Reoperation or Conjunctive Use	12	10%



Project Timelines

- 101 (69%) respondents answered this question

Time to Complete Feasibility Studies	Reponses	Percent
Complete	11	11%
Within 2 years	45	45%
Within 3-5 years	29	29%
Within 6-10 years	10	10%
Over 10 years	6	6%

- 79 (54%) respondents answered this question

Time to Complete Environmental Documentation	Reponses	Percent
Complete	18	23%
Within 2 years	40	51%
Within 3-5 years	17	22%
Within 6-10 years	4	5%
Over 10 years	0	0%

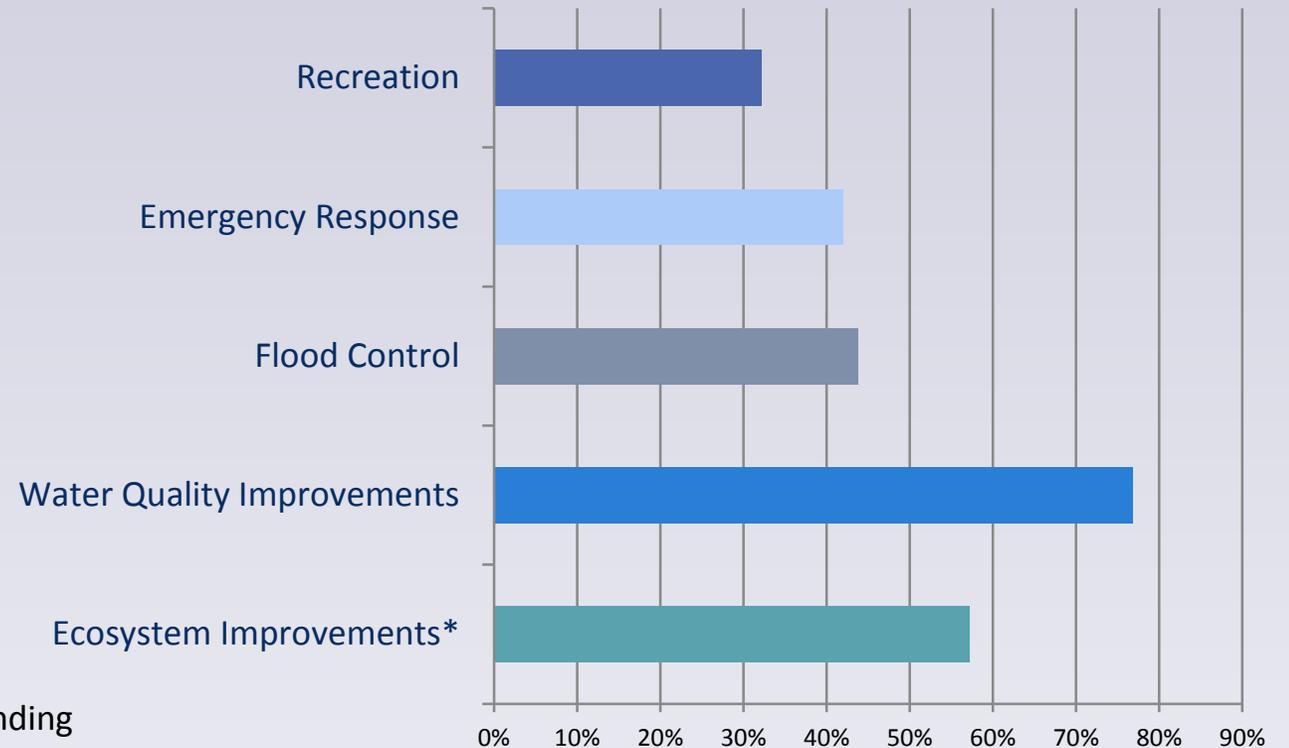
Public Benefits

- 112 (76%) respondents answered this question

Public Benefits	Reponses	Percent
Ecosystem Improvements*	64	57%
Water Quality Improvements	86	77%
Flood Control	49	44%
Emergency Response	47	42%
Recreation	36	32%

* Projects must have ecosystem improvements benefits to be eligible for funding

Percent of Projects Claiming Public Benefits



Additional Considerations

- 34 (23%) respondents answered this question

Additional Considerations	Reponses	Percent
Ecosystem Improvements – Delta or Tributaries	34	23%

Section 79752. A project shall not be funded pursuant to this chapter unless it provides measureable improvements to the Delta ecosystem or to the tributaries to the Delta.

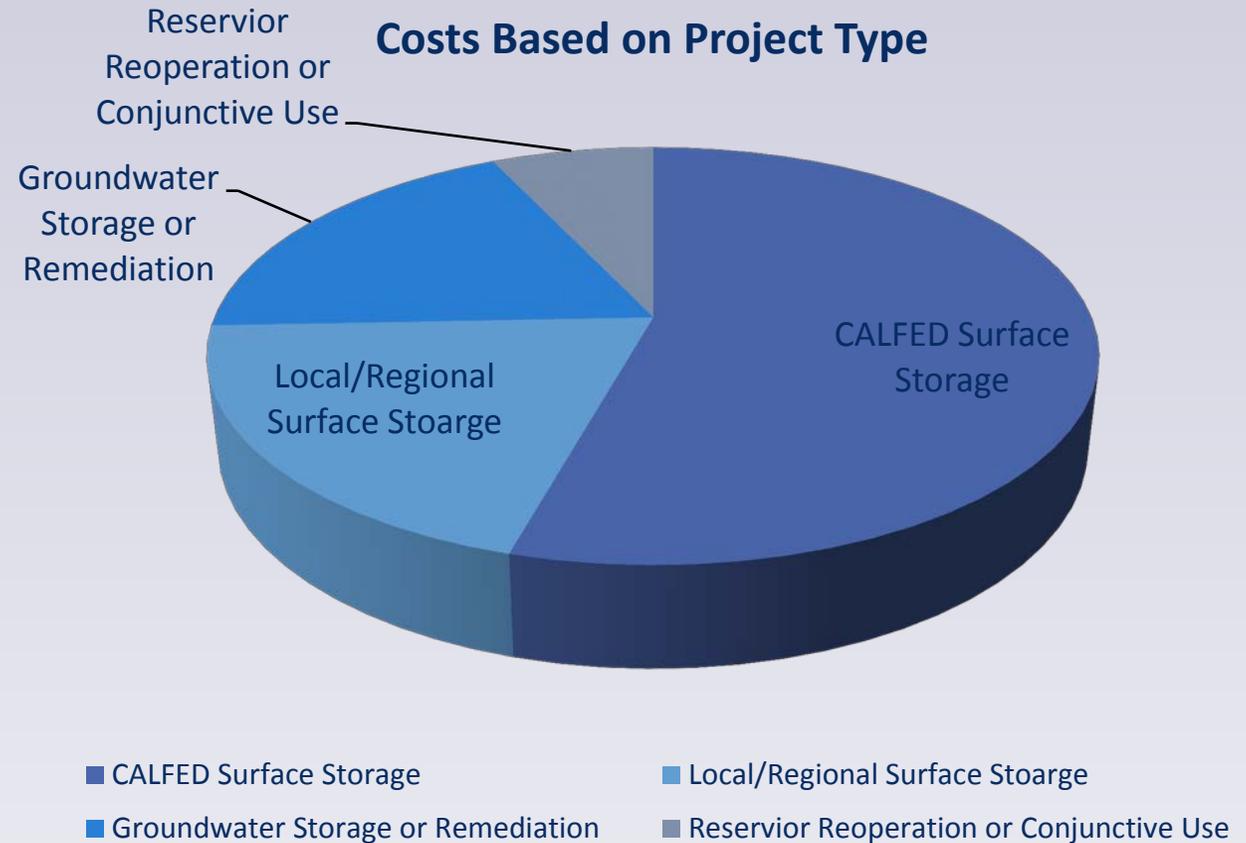
Project Costs

- 99 (67%) respondents answered this question

Category	Approx. Cost
Total Project Costs – All	\$12,749M
Maximum Possible Cost Share (50% of Total)	\$6,375M

Project Costs Based on Project Type

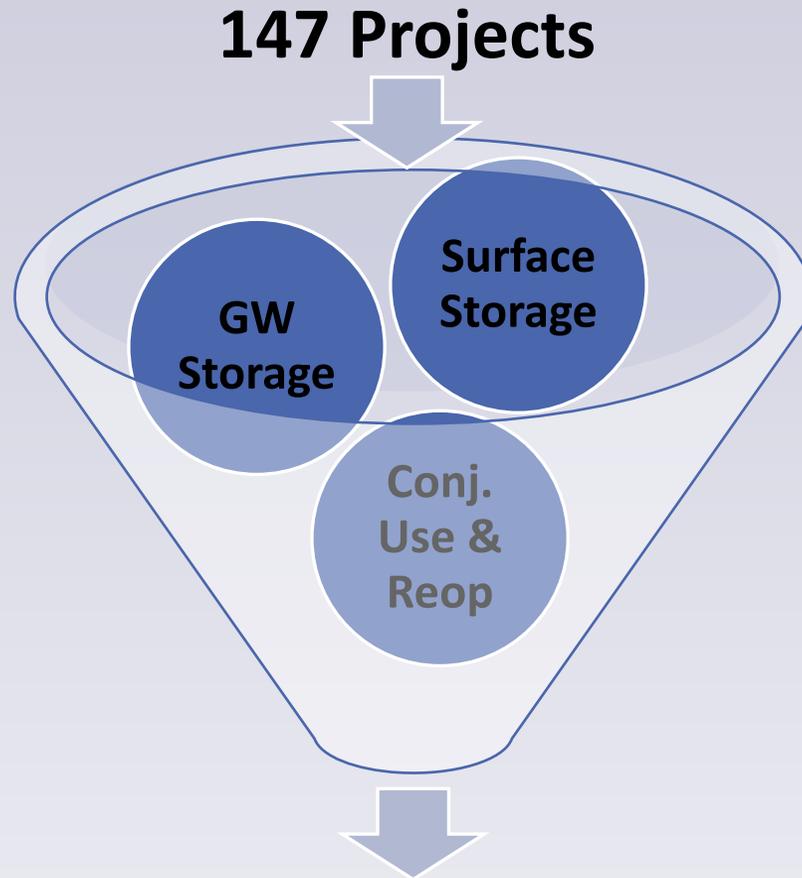
Project Type	Costs	Percent
CALFED Surface Storage	\$7,016M	54%
Local/Regional Surface Storage	\$2,585M	20%
Groundwater Storage and Remediation	\$2,401M	19%
System Reoperation or Conjunctive Use	\$907M	7%



Preliminary Findings

- More information and education is needed
- Project applicants need support to determine project eligibility
- Project “readiness” for most respondents coincides with preliminary WSIP schedule

Eligible Storage Projects in Survey



79 (54%) Storage Projects, Only 22 (15%) with Eco and Delta Benefits

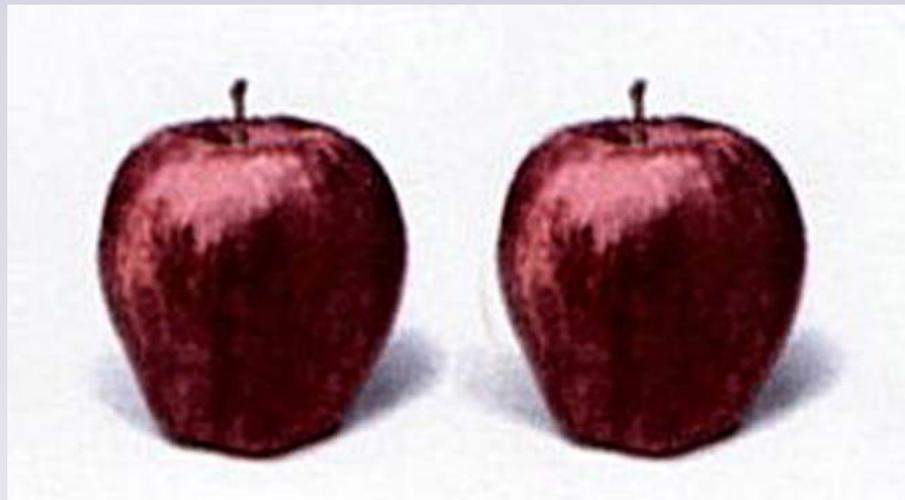
Water Storage Investment Program

What's Next?

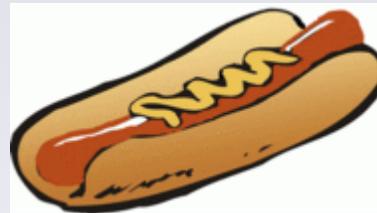
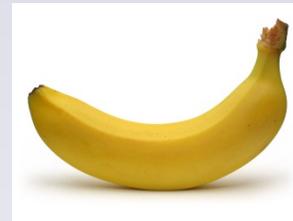
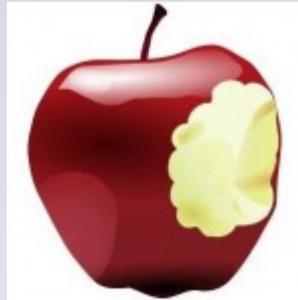
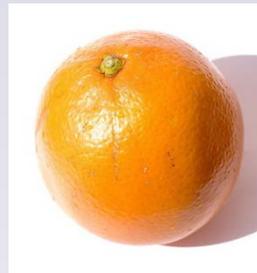
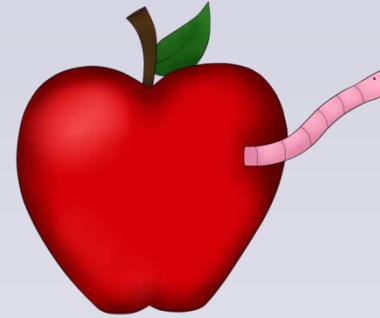
- Continue collecting information from the survey
- Develop processes and technical support for quantifying and management public benefits
- Develop draft regulations, guidelines and proposal solicitation packages

Our Goal

- To develop a process to support fair competition



What We'll Likely Get



Questions?

Public Comment Period