

DRAFT

PUBLIC WORKSHOP SUMMARY

Tsakopoulos Library Galleria

Water Storage Investment Program (WSIP)

California Water Commission (Commission)

May 20, 2015

Prepared by the Center for Collaborative Policy, CSUS

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Commissioners in Attendance and Workshop Staff

Water Commissioners

Commissioner Paula Daniels

Commissioner David Orth

Sean Sou

CH2M Hill

Steve Hatchett

Water Commission Staff

Rachel Ballanti, Acting Executive Officer

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Jennifer Marr, Project Manager

Brianna Shoemaker, Associate

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Grace Person

Nicole Scanlan

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Ajay Goyal

Edelman

Raj Rai

Workshop materials can be downloaded at

https://cwc.ca.gov/Pages/2015/05_May/052015PublicMeetingAgenda.aspx

Introduction

The Commission is embarking on a robust community engagement process to gather public input on the development of the WSIP. They are accomplishing this through public comment periods at Commission meetings and online, a Stakeholder Advisory Committee, and public meetings and workshops. The Commission held its first public workshop on May 20, 2015 in Sacramento at the Tsakopoulos Library Galleria. Forty individuals representing a wide range of interests—project proponents, consultants, and general public—attended the workshop. The goals of the workshop were to educate stakeholders on Proposition 1 eligibility requirements, provide project proponents with an opportunity to discuss potential ways to develop integrated proposal packages, and to introduce the framework for quantifying public benefits.

Juliana Birkhoff, Ph.D., senior facilitator from the Sacramento State Center for Collaborative Policy (CCP), facilitated the workshop. Rachel Ballanti, Commission Acting Executive Officer, provided an introduction to the workshop and the Commission. Jennifer Marr, WSIP project manager, provided a brief overview of Proposition 1 and presented the eligibility requirements as defined by statute. Attendees participated in small breakout groups, identified by hydrologic region. They discussed projects based on the eligibility criteria as well as potential partnership and integration opportunities. Steve Hatchett, from CH2M Hill, reviewed the proposed framework for quantifying benefits. The workshop closed with public comment and final words from Ms. Ballanti.

Opening and Welcome

Ms. Birkhoff welcomed attendees and explained the intent of the workshop. Following this she introduced Ms. Ballanti.

Ms. Ballanti began by thanking participants for attending to the workshop. She then explained that Proposition 1 authorizes the Commission to allocate \$2.7 billion to fund the public benefits provided by water storage projects. She informed attendees that the Commission is currently in the process of developing rules and regulations for the WSIP program and is doing so with input from stakeholders at various public events. She added that this was the Commission's first public workshop. Ms. Ballanti concluded her statement by reiterating the purpose for the workshop and introducing Ms. Marr.

Eligibility Criteria

Ms. Marr began by restating the workshop's purpose and giving a brief overview of the agenda. She then asked attendees about their level of familiarity with Proposition 1 and the WSIP. Based on their responses, Ms. Marr briefly reviewed the legislation and the WSIP program. Following this she began an in-depth presentation on project eligibility.

Ms. Marr detailed the specific eligibility requirements of Proposition 1 and outlined a list of eligible applicant categories, and project types. In addition, she emphasized that projects must provide measurable benefits to the Delta or its tributaries. Ms. Marr also described the public

benefits that are eligible for funding and summarized the requirements of the Wild and Scenic Rivers Act. Finally, Ms. Marr identified the major components of the application.

After completing her presentation, Ms. Marr invited Commissioner Orth and Commissioner Daniels to comment on the Commission's interest in integration. Commissioner Orth explained that the Commission is interested in integrated project proposals because they provide opportunities to increase the overall benefits and a greater return on investment. He indicated that the value of the workshop is to begin identifying what possible integration may look like. Commissioner Daniels indicated her agreement with Commissioner Orth and added that she was interested in hearing feedback from meeting attendees.

Ms. Marr's presentation can be accessed from the workshop PowerPoint available at https://cwc.ca.gov/Pages/2015/05_May/052015PublicMeetingAgenda.aspx

Explore Project Concepts

Meeting attendees participated in a 45 minute exercise to explore project eligibility concepts and identify possibilities for regional integration and partnerships. Ms. Birkhoff organized small breakout groups based on hydrologic region. The groups included the Sacramento River Watershed, the San Joaquin River Watershed, the Tulare Lake Basin, and Bay-Delta. Stephanie Horii (CCP) facilitated the Tulare Lake Basin group; Grace Person (CCP) facilitated the Bay-Delta group; Raj Rai (Edelman) and Caelan McGee (CCP) facilitated the San Joaquin River Watershed group; and Nicole Scanlan (CCP) facilitated the Sacramento River Watershed group. Ms. Birkhoff provided additional facilitation support to groups as needed. Commission and DWR provided support to each group by answering technical and clarifying questions as needed.

The following is a brief summation of each group discussion.

Sacramento River Watershed

Participants in the Sacramento River Watershed group discussed how to integrate geographically distant projects. They also identified how these projects could potentially provide benefits to the Delta or its tributaries. They also spoke about potential partnership opportunities for smaller projects in the most northern parts of the region.

San Joaquin River Watershed

Participants in the San Joaquin River Watershed examined groundwater and conjunctive use projects. Their conversation included discussion on justifying and measuring ecosystem benefits in groundwater projects. They also discussed information presented during Ms. Marr's presentation and expressed interest in hearing public comment.

Tulare Lake Basin

Participants in the Tulare Lake Basin Watershed did not represent any specific projects. Rather they were representatives from the food and agriculture industry, and innovative technologies as well as consultants from GEI Consultants, looking to develop partnership opportunities with potential project proponents. They discussed the following:

- Quantifying public benefits.
- The potential of providing groundwater storage benefits and Delta benefits by supporting stream supply.

Bay-Delta

Participants in the Bay-Delta group reviewed various regional projects and discussed the possibilities for integration. Their discussion led to several questions for Project Staff. These questions are as follows:

- How is eligibility determined by ecosystem benefit to the Delta?
- What bodies of water are classified as Wild and Scenic?
- Do small water systems qualify for funding under WSIP?
- Can feasibility and economic analysis be defined?

In addition, some participants indicated they would like more information about seeking federal funding and partnerships for local joint projects. Some also indicated they would like to know more about other small water projects occurring in their region.

Quantifying Public Benefits

Mr. Hatchett presented the framework for quantifying public benefits. He explained that Proposition 1 requires projects to provide 50% ecosystem benefits and it restricts the State's cost share to a maximum of 50%. Mr. Hatchett emphasized that the quantification of benefits helps the Commission rank projects based on the expected return for public investment. In addition, monetizing benefits creates a single unit value that allows for a direct comparison between projects.

Mr. Hatchett reviewed the benefits quantification/cost allocation method typically used in feasibility studies. He pointed out that the method is intended to provide a way to identify the products or services that people are willing to pay for. In the case of water storage, the physical benefits (i.e. water supply, in-stream flow, etc.) must be quantified and monetized. He cautioned that a quantity metric does not account for differences in location and timing.

Mr. Hatchett then provided an overview of how to monetize physical benefits, and the general costs associated with projects (i.e. planning/engineering/permitting, construction, private costs for benefits, etc.). He stressed that in many cases water will serve more than one purpose and can lead to more than one type of benefit. One attendee asked how projects should count water uses that provide more than one public benefit. Mr. Hatchett indicated that these can be counted in one category or another but not both. Ms. Marr recommended that if one of the benefits is to the ecosystem, these should be counted as an ecosystem benefit.

Following the discussion of benefits quantification, Mr. Hatchett reviewed cost allocation. Project proponents will be required to link the estimated benefits to project costs in order to show how a project will be paid for. He noted that cost allocation distributes project costs between purposes, beneficiaries, or participants. He provided attendees with a cost allocation example and explained separable costs. Separable costs are those that are only attributable to

the beneficiary. When removed from the total cost, only joint costs remain. The costs associated with public benefits are what will be funded by the Commission.

Mr. Hatchett answered several questions.

- One attendee asked about the quantification in relation to timing. Mr. Hatchett emphasized that in an effort to determine the course of benefit provision, projects will need to determine how to weigh different timings based on location.
- One attendee suggested that benefits quantification is difficult to achieve and advised Project Staff to provide a list of benefits and their values to project proponents. Mr. Hatchett explained that the technical staff is working to develop a list but emphasized that project applicants are not required to use it. Mr. Goyal added that Project Staff is determining how to prioritize projects providing different public benefits.
- Another attendee stated that projects have hidden costs and noted that some benefits cannot be economically quantified. Mr. Hatchett indicated that project applicants will need to discuss all costs in their description. He also reiterated that economic quantification will be reviewed by a multidisciplinary team to determine whether the value units are satisfactory to quantify the benefit in question.
- Another attendee asked about whether projects would have to quantify benefits not listed on the benefit value list being developed by project staff. Mr. Hatchett and Mr. Goyal explained that project proponents may use any quantification method. If they choose not to use the method and values developed by Project Staff, they must submit justification for their chosen methodology.
- One attendee asked whether the goal of the program was to consider net benefits. Mr. Hatchett explained that net change is any difference in the with or without project conditions. He also noted that projects must consider each benefit whether positive or negative

Mr. Hatchett's presentation is available by downloading the workshop PowerPoint at https://cwc.ca.gov/Pages/2015/05_May/052015PublicMeetingAgenda.aspx

Public Comment

There were two public comments – one comment and one question. These are summarized below.

1. One attendee expressed the need for a focus on capturing water to recharge ground water sources. He explained that the “built environment” has destroyed recharge because much of the water is drained out to the ocean. He suggested that a system needs to be developed to recapture this water and use it to recharge groundwater.
2. One attendee asked whether the WSIP program will consider applications for reoperation projects. Ms. Marr explained that reoperation projects are eligible to apply but must comply with all eligibility requirements to be considered. She added that applicants should be the owner/operator of the project. A different attendee asked for an explanation of a reoperation project. Mr. Goyal explained that reoperation projects are existing storage projects that propose a change to their system operations.

Each table was provided with comment forms to provide extra opportunities for public comment. There were two comment form submissions. These are summarized below.

- Comment form 1: The respondent indicated they were very familiar with Proposition 1 but that the workshop only answered some of their questions about which projects are eligible. The individual explained that there is not enough water storage capacity and recommended that capacity be expanded to meet the needs for health and safety, including maintaining rural economies and contributing industries (i.e. agriculture). In addition they posed a follow up question to project staff:
 - Does public benefit criteria analysis require an assessment of impacts resulting from not creating storage projects?
- Comment form 2: The respondent recommended that tools for analysis of groundwater and surface water storage projects be accessible to all applicants and that there be a demonstration of public benefits. In addition, the respondent suggested that the Commission review the Energy Commission's process for providing analytical tools for energy storage.

Meeting closing

Ms. Ballanti thanks attendees for coming to the workshop and advised them on future ways to participate.