

# Notice of Exemption

# Appendix E

**To:** Office of Planning and Research  
 P.O. Box 3044, Room 113  
 Sacramento, CA 95812-3044  
 County Clerk  
 County of: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**From:** (Public Agency): California Water Commission  
901 P Street  
Sacramento, CA 95814  
 \_\_\_\_\_  
 \_\_\_\_\_ (Address)

Project Title: Water Storage Investment Program

Project Applicant: California Water Commission

Project Location - Specific:  
 Statewide

Project Location - City: Statewide Project Location - County: Statewide

Description of Nature, Purpose and Beneficiaries of Project:  
 The California Water Commission is required by Water Code section 79754 to adopt regulations regarding the quantification and management of public benefits and to subsequently rank water storage projects based on the expected return for public investment.

Name of Public Agency Approving Project: California Water Commission

Name of Person or Agency Carrying Out Project: California Water Commission

**Exempt Status: (check one):**

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: No poss. of Significant effect (15061(b)(3))
- Statutory Exemptions. State code number: \_\_\_\_\_

Reasons why project is exempt:  
 The Commission has determined that adoption of these regulations is not a project under CEQA. The regulations only set up the process for quantifying public benefits associated with water storage projects and evaluating applications for potential receipt of public investment funds.

Lead Agency  
 Contact Person: Taryn Ravazzini Area Code/Telephone/Extension: 916-653-4781

**If filed by applicant:**

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project?  Yes  No

Signature: Taryn Ravazzini Date: 12/16/2016 Title: Acting Executive Officer

Signed by Lead Agency  Signed by Applicant

Authority cited: Sections 21083 and 21110, Public Resources Code.  
 Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Date Received for filing at OPR: \_\_\_\_\_

Governor's Office of Planning & Research

DEC 16 2016

STATE CLEARINGHOUSE

## Water Storage Investment Program Regulations

### Notice of exemption

#### Attachment:

The activity involves the adoption of regulations as required by Water Code section 79754, which is part of Chapter 8 of the Water Quality, Supply, and Infrastructure Improvement Act of 2014. The regulations provide the requirements for water storage project proponents to apply to the California Water Commission ("Commission") for funding from the Commission for investment in the public benefits of water storage.

In 2014, California state agencies developed the California Water Action Plan to meet three broad objectives; more reliable water supplies, restoration of important species and habitat, and more resilient, sustainably managed water resources for the future. All three of these objectives are supported by the Water Storage Investment Program (WSIP), which is managed by the California Water Commission (Commission). The water bond, Proposition 1, continuously appropriated \$2.7 billion for investments in water storage projects and designated the Commission as the agency responsible for appropriately allocating these funds. The Commission, through the WSIP, will fund the public benefits of these projects. These public benefits may include ecosystem improvements, additional flood control, and water quality improvements. Such investments in public benefits will advance many of the goals of the California Water Action Plan, which serves as the state's five-year guidebook for creating more reliable and resilient water systems and restoring major ecosystems.

Proposition 1 affirmed the role of water storage as part of a comprehensive approach to address the varied challenges facing the management of California's water and related resources. Water storage projects directly support Action 6 of the California Water Action Plan, "Expand water storage capacity and improve groundwater management." Projects funded by the Water Storage Investment Program will support more than this storage-focused action.

In 2016, the California Water Commission proposed regulations governing the application process to obtain public funding for water storage projects that would provide public benefits. The regulations also govern the methods and criteria the Commission will use to evaluate those proposed projects. Through the Administrative Procedure Act, the Commission conducted multiple public comment periods as it continued to improve and refine the WSIP regulations. The Commission also conducted over 50 public meetings to ensure that stakeholders' questions and concerns were addressed.

The Commission is required to assess the magnitude of the public benefits provided by each project, and then rank the projects "based on the expected return for public investment as

measured by the magnitude of the public benefits provided, pursuant to criteria established under [Chapter 8]." The regulations provide both the application process for project proponents to submit information to the Commission, as well as the process Commission staff will use to evaluate the information and the decision-making criteria the Commission will use to determine potential funding amounts. The Commission may only fund the public benefits listed in Water Code section 79753, although determining the ranking of the projects allows the Commission to consider other factors in determining the "magnitude of the public benefits" required by Water Code section 79750.

Before construction funding may be disbursed to an applicant, the Commission is required to make findings related to the project, including that it has complied with all laws and that all environmental documentation associated with the project has been completed, and all permits, certifications, approvals and agreements necessary to operate the project have been obtained.

CEQA defines a project as an activity by one or more public agencies which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. (Pub. Resources Code § 21065.)

Upon consideration of the requirements of CEQA and the effects of the activity, the Commission has determined that the adoption of the Water Storage Investment Program regulations is not a "project" as defined by CEQA.

As an initial matter, the submission to the Commission of information regarding potential water storage projects and evaluation by the Commission of the information would not cause a direct physical change in the environment. Describing the information that a project proponent must submit to potentially obtain public investment funding for a water storage project is plainly not an activity that would have an effect on the environment.

Likewise, the evaluation of the information would not cause a direct physical change in the environment. These regulations deal only with the process which project proponents may seek funding and how the applications from the project proponents will be evaluated and potentially funded. They do not ensure any project will occur.

For these reasons, the Commission has concluded that these regulations do not constitute a "project" under CEQA. But even if the basin boundary regulations were a "project" under CEQA, for the reasons discussed above, they would be exempt under the "common sense" exemption because there is no possibility that the activity in question may have a significant effect on the environment (CEQA Guidelines § 15061(b)(3)).