



# COLORADO WATER CONSERVATION BOARD

# Protecting Colorado Water

## DEMAND MANAGEMENT FRAMEWORK

As part of Colorado's [Demand Management](#) Feasibility Investigation (see [Work Plan](#)) led by the Colorado Water Conservation Board (CWCB), this document includes a Demand Management Framework focusing on various issues associated with a potential Demand Management program.

While reviewing, note that the following Demand Management Framework draft is:

- For a potential Demand Management program that would involve temporary, voluntary, and compensated reductions in consumptive water use pursuant to the [Demand Management Storage Agreement](#).
- Not a Demand Management program, but rather a tool for discussion regarding a potential program, which is not a foregone conclusion.
- Designed to be iterative, and there will likely be multiple updated versions released as the discussion progresses.
- Designed to show a broad range of implementation options, without showing preference for any given option.
- Set up using a range from A to C, designed to roughly correlate with level of complexity for the various implementation options. These designations do not correlate with any value judgments about which option may be best.
- Not intended to represent any commitments or guarantees regarding viability of a program design. For example, some options presented may have budgetary or other constraints.
- Intended to be used as a tool for discussion across Colorado about what may work and what may not work in a potential Demand Management program from varying perspectives, and any information gathered throughout this process is intended to assist CWCB in determining whether Demand Management may be achievable, worthwhile, and advisable from Colorado's perspective.
- Not intended to represent any position of the CWCB or the State of Colorado regarding the feasibility of Demand Management.

To provide feedback on this Framework document, please email [demandmanagement@state.co.us](mailto:demandmanagement@state.co.us) or visit [engagecwcb.org](http://engagecwcb.org).

## Demand Management Framework



## Options for Elements of Feasibility









Each DM workgroup identified threshold issues (elements of feasibility). Each feasibility element could be implemented by a range of options. Three implementation options are explored here (A, B, C).

## Building Block Concept

Each implementation option for an element of feasibility can be thought of as a "building block", a component of a program structure. The structure could represent all A, all B, all C or a mix of the different types of building blocks.

## Underlying Assumptions of Demand Management (DM) Program:

- DM program would be run, managed, and regulated by the State of Colorado and/or through UCRC.
- DM program would yield conserved consumptive use and would be compliant with all applicable law.
- DM program would be bound by the Demand Management Storage Agreement (500,000 AF pool in Lake Powell and all other provisions).
- All projects would be reviewed to ensure compliance with applicable federal and state laws, interstate agreements, and existing programs and processes.
- Ongoing coordination with the Tribal Nations would be an important element of any potential program design.

Demand Management Workgroup	Threshold Issues / Elements of Feasibility	Implementation Option			program structure (considering interconnected issues among workgroups and equity)							
		A	B	C	→	All A	OR	All B	OR	All C	OR	Mix & Match
 Monitoring & Verification	...											
	...											
	...											
 Education & Outreach	...											
	...											
	...											
 Environmental Considerations	...											
	...											
	...											
 Economic Impacts & Local Gov'ts	...											
	...											
	...											
 Ag Impacts	...											
	...											
	...											
 Admin & Accounting	...											
	...											
	...											
 Law & Policy	...											
	...											
	...											
 Funding	...											
	...											
	...											

\*Note that Law & Policy and Administration & Accounting elements are not included in this analysis.



DRAFT

## DM Program Structure Matrix of Building Blocks

DRAFT

DM Workgroup • Guiding Principles	Threshold Issues / Elements of Feasibility	Implementation Options			Interconnected Issues, Tradeoffs, and Equity Considerations
		A	B	C	
Timeframe and scale of DM Program		All potential options may impact or be impacted by the timeframe and scale of a DM Program.			
Monitoring & Verification (Agricultural DM Project)  • Honest, accurate, transparent, and defensible  • Protective of other water users  • As simple, easy, and flexible as possible  • Participation adds water to the Colorado River Basin – not solely a retiming of depletions	Measure water returned to stream	Bypass of diversions (streamflow and/or reservoir releases, if applicable) if the physical and legal availability can be easily determined; or estimate the amount of conserved consumptive use through moderate engineering estimates (such as reducing historical diversion rates) to protect downstream users.	Diversion of the irrigation supply (streamflow and/or reservoir releases, if applicable) into a ditch at a flume with a stage/discharge recorder, after which would be returned to the stream.	Diversion of the irrigation supply (streamflow and/or reservoir releases, if applicable) into a ditch with multiple real-time recording devices and a telemetry system to remotely monitor diversions and the measured returns of the irrigation supply to the stream.	<p>Simplifying the measurement and verification requirements may underestimate the amount of water generated for a DM project based on the need to use conservative assumptions and/or estimates.</p> <p>Increasing the measurement and verification requirements may result in increased instrumentation requirements, longer review and/or enrollment periods, and may increase program costs, but could result in greater amounts of credits/water generated for individual DM projects.</p>
	Conduct a consumptive use analysis	Use the Division of Water Resources’ Lease Fallow Tool to estimate historical consumptive use (conservatively underestimating to protect downstream users).	Complete a general site-specific potential consumptive use analysis, similar to a Substitute Water Supply Plan (SWSP), to estimate consumptive use, while considering the available diversion data and/or historical remote sensing data and/or aerial photographs.	Complete a detailed site-specific engineering analysis, similar to a water court change case, with parcel specific representative data to determine historical consumptive use and return flows.	Equity considerations include participation across diverse geographic areas, wide-spread locations within a stream system, wide-ranging ditch system complexities, and agricultural sectors/markets.
	Estimate the residual field consumptive use	Complete fallowing, removal of deep-rooted crops, and management practices to prevent inadvertent irrigation with visual inspections.	Full or split fallowing with ongoing measurement of groundwater levels and/or visual soil moisture inspections.	Split fallowing, irrigation of lower consumptive crops, or deficit irrigation with ongoing measurement of applied irrigation supplies, soil moisture, and remote sensing.	
	Maintain return flows	Bypass of diversions or the immediate delivery of both the consumptive use and return flow portions of the irrigation supply back to the stream after measurement.	Develop unit response functions (URFs) to determine the timing of delayed return flows to the stream and replace in time from legally available contracted supplies (reservoir releases or augmentation credits).	Determine the historical return flow patterns through a site-specific study and then construct and equip a recharge or infiltration pond with measurement devices near the fallowed field to maintain historical return flows in time, location, and amount.	<p>Simplifying the monitoring and verification requirements for return flow maintenance may increase participation in a DM program, but could decrease streamflow absent a supply to replace lagged irrigation return flows.</p> <p>Increasing the monitoring and verification requirements for return flow maintenance may reduce participation in a DM program, but could be more protective of streamflow by identifying a supply to replace lagged irrigation return flows.</p>
Monitoring & Verification (Transmountain DM Project)	Measure water returned to stream	Bypass of diversions if the physical and legal availability can be easily determined; or estimate the amount of conserved consumptive use using moderate engineering estimates (such as reducing historical diversion rates) to protect downstream users.	Diversion of the transmountain supply for measurement in a flume with a stage/discharge recorder, after which would be returned to the stream OR measurement of reservoir release.	Diversion of the transmountain supply with real-time recording devices and a telemetry system to remotely monitor measured returns/releases of the transmountain supply to the stream.	<p>Simplifying the measurement and verification requirements may underestimate the amount of credits/water generated attributable for a DM project based on the need to use conservative assumptions and/or estimates.</p> <p>Increasing the measurement and verification requirements may result in increased instrumentation requirements, longer review and/or enrollment periods, and may increase program costs, but</p>

\*Note that implementation options A through C do not reflect the relative value or preference of any particular approach. They roughly align with varying levels of complexity, and are designed to encourage discussion about various tradeoffs relating to potential program designs.

DRAFT

## DM Program Structure Matrix of Building Blocks

DRAFT

<ul style="list-style-type: none"> <li>Honest, accurate, transparent, and defensible</li> <li>Protective of other water users</li> <li>As simple, easy, and flexible as possible</li> <li>Participation adds water to the Colorado River Basin – not a retiming of depletions</li> </ul>	<b>Verify conserved consumptive use occurs on the East Slope</b>	<p>Water user provides accounting demonstrating the reduction of West Slope deliveries for a DM activity did not result in additional West Slope diversions from another of its transmountain systems or contractual supply.</p>	<p>Water user provides accounting demonstrating the reduction of West Slope deliveries for a DM activity was offset by another East Slope supply or through a reduction in the overall demand of its customers.</p>	<p>Water user maintains double accounting records for several years to confirm that a DM activity in one year wasn't offset by retiming of future Colorado River depletions in subsequent years. This includes all reservoir accounting records and the reconciliation of carryover storage of West Slope supplies in East Slope reservoirs.</p>	<p>could result in greater amounts of credits/water generated for individual DM projects.</p> <p>Equity considerations include participation across diverse East Slope geographic areas, wide-spread locations of individual TMD projects, wide-ranging TMD system complexities, and ability to share conserved consumptive use impacts across all users within a DM participant's system.</p>
<b>Monitoring &amp; Verification (Process considerations for all projects)</b>	<b>Coordinate environmental and other benefits</b>	<p>Qualitatively demonstrate an increase in streamflow after bypassing a transmountain diversion and/or divert, measure, and return flows to the stream.</p> <p>No additional measurement structures are required above what is deemed necessary to verify measurement of water returned to the stream.</p>	<p>Qualitatively demonstrate that temporary storage in a West Slope reservoir for a planned release bolsters non-consumptive, environmental and flow related benefits.</p> <p>Impacts and benefits evaluated qualitatively only. No additional measurement structures are required above what is deemed necessary to verify measurement of water returned to the stream and reservoir operations.</p>	<p>Quantitatively demonstrate that temporary storage in a West Slope reservoir for multi-benefit planned releases bolsters non-consumptive, environmental, and flow related benefits.</p> <p>Impacts and benefits evaluated quantitatively. Measurement needs could include flumes for measuring bypass of diversions and/or return flows; additional stream gages; measurements of water quality, etc. Accounting required to monitor a project's net effect (e.g. lagged return flow accretion timing, etc.).</p>	<p>Foregone agricultural and TMD diversions could provide additional benefits for non-consumptive uses and environmental flow needs both immediately after release and/or after temporary storage.</p> <p>Incorporating West Slope storage to manage releases of foregone agricultural and TMD diversions could maximize flexibility and bolster non-consumptive and environmental flow needs, but would result in additional evaporative losses and would reduce water generated by an individual DM project. Incorporating West Slope storage could also increase the requirements for measuring, verifying, and quantifying environmental benefits and/or impacts.</p>

\*Note that implementation options A through C do not reflect the relative value or preference of any particular approach. They roughly align with varying levels of complexity, and are designed to encourage discussion about various tradeoffs relating to potential program designs.



DRAFT

## DM Program Structure Matrix of Building Blocks

DRAFT

<b>Education &amp; Outreach</b> <ul style="list-style-type: none"> <li>Transparent and inclusive stakeholder engagement to shape the program</li> <li>Address communication gaps with message consistency, partner networks, and virtual engagement</li> <li>Water education at the state, regional, and local levels</li> <li>Include an equity lens in all engagement and communication</li> </ul>	<b>Water education (to engage broad audiences)</b>	<p>State creates detailed website resources, issues press releases, conducts interviews, and delegates many education tasks to PEPO, WEco, and other partners.</p>	<p>State partners with groups such as WEco, PEPO, educators, cooperative extension or similar entity, and universities to implement a series of education activities; implements a targeted communications plan; offers webinars to partner organizations; some new audience engagement.</p>	<p>State brings on new staff or funds education to travel statewide for strategic teaching efforts rooted in drought and water shortage knowledge; partners extensively; communicates broad scale (i.e. radio, billboards, TV) to new water audiences.</p>	<p>“Change management” is an ongoing and resource-intensive effort to evolve both the program design and the state’s attitudes towards water use.</p>
	<b>Stakeholder engagement (to inform the program)</b>	<p>State builds upon successes of preexisting programs. Utilizing Board and IBCC input, and updated website comment functionality, the state develops a DM program with assistance from consultants or others as needed and appropriate.</p>	<p>Leveraging the Board, Roundtables, IBCC, CWC, conservation districts, and public meetings, the State leads a public input process to inform a DM program and geography. As the program is developed, stakeholders are invited to address the CWCB Board to proactively identify and discuss how the program is working from varying perspectives and geographies.</p>	<p>The state engages a broad and diverse range of stakeholders over an extended period. As the program is developed and implemented, stakeholders are invited to address the CWCB Board to proactively identify and discuss how the program is working from varying perspectives and geographies. Based on this input, elements of the DM program are appropriately tailored to local needs across the state. An iterative process with evolving program options.</p>	<p>More localized programs may mean that some programs cost the state more, and other programs cost the State less. Stakeholders would need to determine whether it is fair for taxpayer dollars to be distributed inequitably for the sake of equity.</p> <p>While an evolving program structure may be desirable as a mechanism to proactively avoid or mitigate potential negative impacts, it may make it more difficult to ensure a clear, predictable process is in place.</p> <p>If a DM program is established, CWCB will coordinate with other state agencies relating to conflict resolution processes available.</p>
	<b>Program marketing (to ensure participation)</b>	<p>State remains active in water forums like CWC; implements marketing plan as needed to target audiences; maximizes pre-existing participants. No active solicitation. Assumes participants would approach state.</p>	<p>State partners with local actors to assist with program marketing; implements proactive marketing plan to target audiences using annual allocated funds.</p>	<p>State opens local offices to be liaisons between the state and program participants; extensive marketing; maximizes new program participants. State has a role in co-developing applications with new applicants.</p>	<p>The "bang for the buck" considerations would need to be weighed by decision makers and stakeholders regarding the extent to which additional efforts yield increased program participation.</p> <p>Lower levels of marketing would limit the State's ability to educate / market for increased participation in certain geographies / sectors.</p> <p>Smaller operations, non-English speakers, and nontraditional participants such as mining or food industry would benefit from higher levels of implementation.</p> <p>Proportionality of program adoption would require active marketing and education efforts in areas with lower levels of implementation.</p>
<b>Environmental Considerations</b> <ul style="list-style-type: none"> <li>Achieve a net environmental benefit over time, and across hydrologic conditions and geographies</li> </ul>	<b>How potential environmental benefits and impacts are considered</b>	<p>Environmental benefits and impacts (flow needs, affected habitat, and/or species, alignment with other plans or efforts, etc.) considered through existing review processes and frameworks.</p>	<p>Identify potential environmental benefits and impacts and associated risks for potential projects. Evaluate possibility of realizing potential benefits and mitigating potential impacts. Coordinate with other agencies to identify and track potential benefits and impacts, including CPW and others as appropriate.</p>	<p>Consider each item in a comprehensive list of potential benefits and impacts. Public stakeholder engagement could be required for large projects. This may include consultation with local entities or with a committee of experts to assess local needs and impacts. Evaluate possibility of realizing potential benefits and mitigating potential impacts. Coordinate with other agencies and local entities to identify and track potential benefits and impacts, including CPW and others as appropriate.</p>	

\*Note that implementation options A through C do not reflect the relative value or preference of any particular approach. They roughly align with varying levels of complexity, and are designed to encourage discussion about various tradeoffs relating to potential program designs.

DRAFT

## DM Program Structure Matrix of Building Blocks

DRAFT

<ul style="list-style-type: none"> <li>Provide opportunities for projects with net environmental benefits</li> <li>Not harm the environment</li> <li>Evaluate project environmental benefits/impacts without creating an unnecessarily burdensome process for applicants</li> <li>Identify project impacts/benefits to environmental resources, including flow, water quality, affected habitats, etc.</li> </ul>	<b>Assessing net benefit or impact</b>	Environmental benefit or impact of a given project is assessed through existing review processes and frameworks.	List of environmental considerations evaluated qualitatively for benefits or impacts. Net benefit or impact of a project is evaluated qualitatively based on evaluation of considerations.	List of environmental considerations evaluated quantitatively for benefits or impacts. Net benefit or impact of a project is evaluated quantitatively and qualitatively based on the evaluation of considerations. Evaluate risks and tradeoffs.	More comprehensive environmental assessments could be burdensome to potential applicants as well as the State. However, greater risk of adverse impacts or lost opportunities if these assessments are not conducted.
	<b>Strategies to incentivize benefits</b>	No incentives provided for projects with potential environmental benefits.	Preference and/or additional monetary or program incentive given to projects with net environmental benefits.	Preference and/or additional monetary or program incentive given to projects with greater net environmental benefits. Potential partnerships with NGOs and/or local organizations to support the assessment of potential benefits.	Coordinate efforts on incentivizing benefits with local governments to streamline approval. Opportunities for collaboration on a county/local level.
	<b>Strategies to avoid, offset, or mitigate any negative impacts</b>	No additional strategies implemented to avoid, offset, or mitigate any potential negative impacts.	Evaluate the program as a whole for opportunities for partnership(s) to add environmental value (enhance benefits or avoid, offset, and or mitigate negative impacts). Examples: potential storage and retiming of return flows in an upstream reservoir to increase benefits and/or mitigation measures.	Evaluate specific projects for opportunities for partnership(s) to add environmental value (enhance benefits or avoid, offset, and or mitigate negative impacts). Examples: Potential partnerships with NGOs and/or local organizations to help in realizing benefits and mitigating potential impacts and provide additional funding, programs, or opportunities. Potential projects could include watershed restoration work, diversion structure improvements, etc.	These are very similar to the options for monitoring and verification. Additional mitigation measures would require additional funding.  Measurement and quantification of potential environmental benefits and/or impacts would have monitoring and verification components or requirements (see Monitoring & Verification).
<b>Economic Impacts &amp; Local Governments</b> <ul style="list-style-type: none"> <li>Any program participation must be voluntary</li> <li>Initial goal of program should be to do no harm</li> <li>Program should seek to create net benefits for water users</li> <li>Program operations should be transparent &amp; collaborative</li> </ul>	<b>Support for municipal participants</b>	Existing programs and funding sources are used to support municipal participants.	State consults with and provides support for municipal participants in developing projects.	State identifies other programs that may be coordinated to support municipal participation and assists in facilitating more significant conservation programs. State consults with local governmental entities to identify appropriate mitigation opportunities.	A water efficiency program is not temporary. However, it is likely to be the least disruptive option.  Municipal participant may eliminate or minimize impacts on municipal water customers.  However, mechanism of municipal participation and/or reliance on other water sources may impact water availability for other users.
	<b>Municipal sector mitigation</b>	Existing programs and funding sources are used relating to municipal sector mitigation. Municipalities may take steps to avoid secondary impacts to their customers.	State more actively works to identify and track potential secondary impacts to municipalities resulting from participation in the program. A portion of project compensation spent on mitigation efforts. Mitigation payments are made to municipalities or communities.	State sets specific protocol and mechanisms for identifying and tracking potential secondary impacts resulting from municipal participation. A larger portion of compensation spent on mitigation with a defined list of required mitigation actions dependent upon type of project activity. State partners with local governmental entities to identify appropriate mitigation opportunities.	Potential impacts to system reliability depending upon type of municipal participation.  Mitigation measures taken by municipalities may have impacts outside their municipal boundaries.  Municipalities with fewer resources may be less able to mitigate potential impacts on their own, resulting in areas of low socioeconomic status potentially having lower access to green spaces or other resources.

\*Note that implementation options A through C do not reflect the relative value or preference of any particular approach. They roughly align with varying levels of complexity, and are designed to encourage discussion about various tradeoffs relating to potential program designs.



DRAFT

## DM Program Structure Matrix of Building Blocks

DRAFT

	<b>Consultation with local governments to track impacts and develop mitigation measures</b>	General education and outreach to inform local governmental entities, water boards of DM program. State does not consult with municipal participants or local governments to identify, track, or mitigate potential impacts and identify potential benefits to local economies resulting from a DM Program.	State consults with program participant and/or local governmental agencies to identify potential impacts and mitigation strategies, for all types of project activity, and to identify potential benefits to local economies and communities relating to a DM Program, as well as strategies to increase benefits.	Inter-governmental Agreement (IGA) or similar framework developed to facilitate robust and iterative consultation process with local governments and other entities to address local concerns and mitigate local impacts, with specific strategy and focus on mitigating or avoiding potential adverse impacts and increasing potential benefits, for all types of project activity.	<p>Less consultation with local governments may result in increased adverse impacts that are not adequately tracked and mitigated.</p> <p>There is a varying level of resources and capacity available for local governments to facilitate coordination and mitigation efforts. This variation may affect the extent to which impacts are tracked and mitigation measures implemented across the state.</p> <p>Consultation with the Colorado Municipal League and Regional Councils of Governments may be helpful in determining appropriate parties and mechanisms for engagement.</p>
<b>Ag Impacts</b> <ul style="list-style-type: none"> <li>• Equitable &amp; proportional across state</li> <li>• Minimize &amp; mitigate off-farm impacts</li> <li>• Program should be a structured &amp; guided market</li> <li>• Program operations need to align with growing season schedules</li> </ul>	<b>Agricultural sector mitigation</b>	Existing programs and funding sources are used to promote agricultural viability.	Fund is established to provide compensation to local entity for community economic development fund. Grant program established to assist with local agricultural and economic viability.	State and partners make efforts to identify potential secondary impacts. Fund established that potentially provides compensation for mitigation, some of which is distributed to water management entity servicing property, while a portion is distributed to local/rural economic development or other appropriate organization. Additional staff time targeted at mitigating agricultural sector impacts to non-participants. Dependent on funding availability and identification of appropriate funding source.	<p>Limiting the community development fund to verifiable DM impacts would present additional complexity, but would perhaps lower costs or avoid reimbursement of economic impacts beyond the State's control; alternatively a community fund that supports projects regardless of verifiable impact would be easier to manage and generate positive community outcomes. State verification of potential impacts could be costly and difficult to accomplish.</p> <p>Assess impacts to tenant farmers and land rental prices through community outreach efforts, noting it may be challenging to distinguish DM-related impacts.</p> <p>Community impacts in sovereign Tribal Nations may require alternative structure.</p> <p>Determinations may need to be made regarding which sectors or workers receive preference in assistance.</p>
	<b>Agricultural participant field requirements</b>	No field requirements	State works with cooperative extension, other local agencies to establish guidelines for cover crops (for annual crops) and weed and pest control measures (for perennial crops). State partners/contracts with cooperative extension or similar entity for technical assistance and limited monitoring of compliance.	State works with cooperative extension, other local agencies to establish guidelines for cover crops (for annual crops) and weed and pest control measures (for annual and perennial crops). State provides staffing for technical assistance and monitoring of compliance.	<p>Cover cropping could add complexity to monitoring and verification of consumptive use; soil health practices such as conservation tillage could reduce Monitoring &amp; Verification complexity; development of any mitigation guidelines would likely require input from the United States Department of Agriculture, Colorado Department of Agriculture, and cooperative extension. Cover cropping could provide additional environmental benefits; select cover crops could help offset impacts to livestock feed disruptions and provide additional revenue for the participant.</p> <p>Producers may lack knowledge of cover cropping techniques. Though cover crops may create additional costs, state may work with USDA NRCS to offset participant cost of any on-farm mitigation requirements. There may be federal crop insurance implications.</p>

\*Note that implementation options A through C do not reflect the relative value or preference of any particular approach. They roughly align with varying levels of complexity, and are designed to encourage discussion about various tradeoffs relating to potential program designs.

DRAFT

## DM Program Structure Matrix of Building Blocks

DRAFT

	<b>Agricultural participant assistance</b>	Existing programs and resources in place are utilized to facilitate agricultural participant assistance to help fully realize potential benefits of participation or mitigate potential impacts.	State creates a grant or cooperative contracting program with the university cooperative extension service, conservation districts, or similar technical service providers, to offer technical assistance and help fully realize potential benefits of participation or mitigate agronomic impacts from the DM program to the participants.	State creates additional staff capacity responsible for assisting in fully realizing benefits of participation or mitigation of impacts from the DM program to the participants. Position manages a budget for technical assistance and mitigating impacts.	Participants would likely need technical assistance in both navigating any potential DM in-take process and in selecting/implementing mitigation measures (e.g. cover cropping); providing the ability to grant or contract with third parties would likely reduce programs costs and address state capacity concerns.  Producer participants familiar with working with agricultural service providers may be more willing to work with a trusted contact versus state staff.  In addition to direct technical assistance, online information regarding any DM sign-up process or agronomic impacts and best management practices would be helpful and more accessible
<b>Process Considerations</b>	<b>Soliciting projects</b>	No state solicitation	Annual grant funding for entities to identify & develop project applications	State staff support & grant funding for identifying & developing project applications	
	<b>Application requirements</b>	Participants are not required to submit information regarding mitigation, monitoring, or other elements with their application. No certification program due to open enrollment process.	Select mitigation & monitoring elements must have been completed or substantially planned for application.	Select mitigation & monitoring elements must have been completed or substantially planned for application. A certification process ensures that project applications meet minimum requirements.	
	<b>Project selection process</b>	Open enrollment (first come, first serve) for projects of any duration. No certification processes. Review is done on a project-specific basis.	Annual RFP process without any certification process. Coordination with local governments, entities, others to facilitate a “guided market” approach aimed at ensuring a program aligns with specific goals and does not create unacceptable adverse impacts (see Economic Impacts and Local Governments and Agricultural Impacts sections).	Annual RFP process with certification required. Clear protocol developed, incorporating coordination with local governments, entities, others, to establish a “guided market” approach designed to ensure the program aligns with specific goals and values and does not create unacceptable adverse impacts (see Economic Impacts and Local Governments and Agricultural Impacts sections).	Care should be taken to ensure that the timing of the application, review, and approval process align with when agricultural participants make operational decisions
	Localization and program evolution	No additional protocol put in place to localize and/or evolve a program to local needs.	Review of DM program put in place at specific milestone to consider successes, lessons learned, and stakeholder feedback. The review directly informs future program management across the state.	Regular review of the DM program to consider successes, lessons learned, and stakeholder feedback. The review directly informs program management at local level. The review is public, transparent, and available for comment.	Depending on the level and scale at which programs evolve, there may be program differences (perceived as inequity) over time at the Basin levels.  Local agencies / entities have different statutes, capacity, jurisdictions, resources, knowledge, and mobilization. Different basins can engage at different levels.

\*Note that implementation options A through C do not reflect the relative value or preference of any particular approach. They roughly align with varying levels of complexity, and are designed to encourage discussion about various tradeoffs relating to potential program designs.



DRAFT

## DM Program Structure Matrix of Building Blocks

DRAFT

<b>Funding</b> <ul style="list-style-type: none"> <li>Portfolio of funding sources should be considered</li> <li>Costs would be influenced by many factors including program design, scale, and participation</li> </ul>	<b>Range of annual costs</b>	<b>\$3M - \$16M</b>  Example Cost Breakdown: 10% Program Costs 90% Compensation Cost	<b>\$5M - \$20M</b>  Example Cost Breakdown: 30% Program Costs 70% Compensation Cost	<b>\$12M - \$30M</b>  Example Cost Breakdown: 65% Program Costs 35% Compensation Cost	Payment offered may impact who is interested and able to participate, which may affect proportionality in terms of sector and region.  Compensation range reflects that some may be willing to participate at lower cost than others, and in some cases additional compensation may be available outside of state fund.
	<b>Funding Sources</b>	Compensation paid by State through budget reallocation	Compensation paid by State through fees	Compensation paid by State through blend of multiple sources.	

\*Note that implementation options A through C do not reflect the relative value or preference of any particular approach. They roughly align with varying levels of complexity, and are designed to encourage discussion about various tradeoffs relating to potential program designs.