

Yuba County IRWMP | 2018 UPDATE

APPENDIX 14-2

Economic Feasibility Questionnaire

Note: Not all projects are sufficiently developed to complete an Economic Feasibility Questionnaire.

Questions to Support Economic Evaluation of of Projects for Review Criterion H

Economic Feasibility Review Questions

Background

There are a wide variety of challenges that IRWM Plan groups have had with developing economic feasibility criteria for use during the early review process that brings projects into the IRWM Plan. These challenges include the following:

- Lack of quantifiable information about the project's benefits and costs at the early stage of development they're in when they're accepted into the IRWM Plan.
- Lack of resources among project proponents to develop robust information at the level needed to conduct any kind of comprehensive economic analysis.
- Lack of sophistication among project proponents to complete a quantified assessment of the economic feasibility of their projects.

With this in mind the following streamlined approach that is simpler than a full benefit-cost or cost-effectiveness analysis will be applied to project-level evaluations as part of the project selection process. Because other factors focus on project costs, these questions focus on economic benefits.

This questionnaire, firmly grounded in standard economic practice, is considered to satisfy the Project Review Criterion H. Specifically, the questions shown below would do the following:

- Rely on preliminary information that is readily available to project proponents at a conceptual project design phase.
- Emphasize qualitative versus quantitative assessments.
- Help project proponents and IRWM Plan managers begin to think about strategies to address the more detailed economic analysis required for the Implementation Grant application.

Economic Feasibility Questionnaire

Types of Economic Benefits of the Project

This series of questions is designed to identify the types of benefits arising from projects that may be economically meaningful, and potentially quantifiable using market or non-market techniques.

Is the project likely to make an investment in physical capital (e.g., will the project include permanent improvements to water delivery infrastructure, stormwater control infrastructure, or wastewater infrastructure?)
Is the project likely to make an investment in natural capital (e.g., will the project make ultimately self-sustaining improvements in natural habitats and ecosystems?)
Is the project likely to make an investment in human capital (e.g., will the project provide training or education that significantly builds the knowledge and skills of people?)
Is the project likely to make an investment in social capital (e.g., will the project bring groups together to solve problems, encourage new relationships to develop, or help people better understand and comply with rules and regulations?)

Evidence of Demand for the Project

This series of questions is designed to clarify whether there is demand for the project's effects, which is necessary to demonstrate the benefits described above are likely to materialize in an economically meaningful way.

Will the project produce effects or outcomes that address documented problems related to scarcity of a resource?
Is the project likely to or create or enhance features (e.g., a trail or natural area) for which there are no nearby substitutes?
Is the project likely to result in a reduced risk of loss of life or damage to property?

Is the project likely to result in a reduced risk of disruption in critical services (e.g., water service, fire protection, emergency response, etc.)?

Is the project likely to result in new information or initial actions required to complete a larger project that would yield more, longer-term, or more widespread benefits?

Distribution of Economic Benefits of the Project

This series of questions is designed to clarify how the benefits of the project are distributed across populations, geography, and time. Broader distribution is not necessarily better from an economic perspective, but these factors are important to consider.

Is the project likely to produce benefits that are distributed widely across many people, or concentrated among a distinct group of people?

Is the project likely to produce benefits that will continue to accrue over a long period of time, or are the benefits likely to primarily occur over a limited time period or in the short term (e.g., does the project produce changes that are self-sustaining, or changes that are short-lived or need continued investment to maintain)?

Is the project likely to produce benefits that materialize across a wide geography, or concentrated in one location (e.g., are the benefits limited to the project site, do they have downstream consequences, do they reach across multiple watersheds?)