Action Needed to Build Stormwater Credit Trading Capacity in California

A Roadmap Developed by the Stormwater Credit Think Tank

April, 2024

Contact: Daniel Apt, dapt@olaunu.com Dave Smith, davesmithwater@gmail.com, or Chris Crompton, ccrompton2@gmail.com

Why Is Credit Trading Key to Improving Stormwater Management?

> Public and private *stormwater managers often lack necessary resources* to meet increasing demands for new stormwater controls at the necessary scales to meet water quality goals while generating potential flood control, water supply, and community greening benefits.
> *Limitations in federal and state funding and obstacles to securing local funding* require new approaches to address funding gaps.
> *Market-based financing strategies like stormwater credit trading hold great promise* to expand our capacity to fund and properly maintain new stormwater investments.
> Credit trading has been shown in other cities to enable implementation of *more effective stormwater controls at lower cost* than conventional onsite controls can achieve.
> *Few California communities and businesses are aware of or prepared to develop trading programs*.

Strategy to Build California's Ability to Use Credit Trading

> In 2023, stormwater experts from cities, industry, the Water Boards, non-governmental organizations (NGOs), and consulting firms formed a "Think Tank" to learn about credit trading and examples in existing programs, and develop a strategy to build capacity to use these methods in California.
> The Think Tank hosted several educational webcasts about credit trading and developed three products to help advance understanding of credit trading:

- White Paper discussing stormwater credit trading basic principals and models
- Terminology appendix to help clarify what we mean by credit trading
- Roadmap of future actions to build capacity in California

> These materials provide a framework to build statewide capacity and clarify regulatory expectations while maintaining local flexibility to tailor crediting approaches to local opportunities and issues.
> The Think Tank provides an ongoing community of practice to discuss, research, and solve emerging challenges in applying credit trading to stormwater management.

Proposed Roadmap Action Elements

> Outreach and education materials
> Program design guidance to help communities consider and implement trading programs
> Regulatory guidance and training for regulators to ensure credit trading leads in effective projects that meet environmental protection goals.
> Training modules for regulatory staff and stormwater managers in communities and businesses
> Evaluate research needs and advance projects to address emerging challenges.
> Total estimate costs of these actions are between $235,000 and $330,000 over two years.

Next Steps

> The Think Tank will work with the State Water Board, business organizations, NGOs, and other potential funders to assemble funding needed to advance this initiative and launch proposed actions.