OUTCOME-BASED PROCUREMENT FOR FLOOD INFRASTRUCTURE

JEREMY SOKULSKY, PE, MBA
JSOKULSKY@ENVIROINCENTIVES.COM 530-541-2980

Photo by California Department of Water Resources
TYPICAL MULTI-STEP PROJECT DELIVERY PROCESS

**Funding Sources**
- General Funds
- Bond
- General Funds
- Bond + Federal Match
- Local Assessment

**Procurement Mechanisms**
- Planning Grant
- Real Estate Negotiation
- Design & Environmental Services Contracts
- Construction Services Contract
- Maintenance Agreement

**Implementation**
- Project Prioritization Rating
- Land Acquisition
- Plans and Permits
- Construction
- Maintenance

**Project Benefits**
PAY FOR PERFORMANCE

Funding Sources
- Federal, State Local

Procurement Mechanisms
- Pay for Performance Contract

Implementation
- Planning through Construction & Maintenance

Project Benefits

Environmental Incentives
PAY FOR PERFORMANCE

Funding Sources
Federal, State Local

Procurement Mechanisms
Pay for Performance Contract

Implementation
Planning through Construction & Maintenance

Private Capital

Project Benefits

Environmental Incentives
PAY FOR PERFORMANCE: DWR DELTA SMELT PROCUREMENT

**Funding Sources**
- DWR: $42.5M
  - Goal: Fulfill Delta Smelt Tidal Wetland Habitat Requirement under BiOp

**Procurement Mechanisms**
- RFP
  - Habitat Value (70%), Cost of Credit (30%)
- Partial Pay for Success: Paid upon milestones

**Implementation**
- Contractor Land, Permit, Design, Build
- Land Transferred to DWR for Own & Maintain

**Project Benefits**
- Smelt Habitat Quantified by Multi-Agency FAST process
- Flood Risk Reduction
DELTA SMELT RFP BENEFITS

- **Shares risk** with private sector – less risk aversion for new, innovative techniques
- State benefits from private entities **expertise**
- **Cost efficient** – Three contracts in one
- Brings in additional **resources** and **opportunities**
- Competitive bid introduces **market forces**
- Full delivery projects allow **more timely** achievement of the State’s environmental goal
PAY FOR PERFORMANCE RESOURCES

- Toolkit
  - enviroaccounting.com/payforperformance/Home
  - Strategies defined
  - RFP & Contract Templates

- Conservation Innovation Grant Workshop in November
  - Environmental Incentives, American Rivers and partners

- Environmental Incentives Buyer Support