



Market-Based Reallocation of Water Resources Element

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Goals of Market-Based Reallocation of Water Resources Element

- Increase flexibility for voluntary reallocation of water from low-value to high-value uses
- Reduce delays and costs of transactions to reallocate water
- Consider potential impacts on third parties before completing a water transaction

Definitions

Water Market - process designed to transfer water rights from a willing seller to a willing buyer on a permanent or temporary basis

Water Bank - mechanism designed to:

- 1) accept deposit of a water right, which will not be used by the water right owner during the time it is in the bank, and
- 2) make the water right available for withdrawal at a later date by the owner/ depositor or another entity

Market Activity - includes both water markets and water banks

Market Activity in Yakima Basin to Date

- Drought-year transfers for a single season
- Drought-year mitigation banks
- Lease and purchase for environmental purposes
- Transfers and mitigation banking for post-1905 and municipal water users
- Transfers and mitigation banking for prospective domestic and municipal purposes
- Roza-Sunnyside Board of Joint Control



TRUST WATER RIGHTS PROGRAM
Primary Tool for Current Reallocation of
Water Rights

Basics of Trust Water Rights Program

- Water rights transferred to TWRP on a permanent or temporary basis
- Water rights are protected from relinquishment while in TWRP
- Elements of water right when removed from trust are the same as when the right went into trust

2009 Amendments to Trust Water Right Statute Specific to the Yakima Basin

- Protect return flows as part of TWSA
- Allow Ecology to carryover stored water from the irrigation season to fall/winter, which expands the ability to provide mitigation for impacts to fish and wildlife
- Carryover allowed as long as no negative impact to TWSA



Looking to the Future in the Yakima Basin

Characteristics of Successful Water Markets and Water Banks in the Yakima Basin

- Voluntary participation
- Availability of information
- Successful administrator
- Transparent pricing
- Specifically tailored to Yakima Basin

Ways to Facilitate Water Right Transfers

- Decrease time and cost required to transfer water rights
- Streamline governmental review of water right transfers
- Consider third party impacts of water right transfers
- Build trust in review agencies
- Engage irrigation districts in process

Positive Characteristics of Yakima Basin for Water Markets and Water Banks

- Certainty of adjudicated water rights
- Water Transfer Working Group
- History of cooperation among agencies and Yakama Nation
- YRBWEP progress and funding
- Knowledge and experience of Yakima County Superior Court

Water Market Options

- Option 1A - Water Marketing Using Existing Authority
- Option 1B - Open Water Market
- Option 1C - Water Banking Using Existing TWRP
- Option 1D - Non-Regulatory Water Bank
- Option 1E - Drought-Year Transfers Outside Irrigation Districts
- Option 1F - Irrigation District Bank



Recommended Options

Short-Term Option: Continue existing programs and take steps to reduce time and cost to transfer a water right

- Superior Court may review and approve all water right transfers
 - Ruling within 90 days
 - Seek legislation to extend Court's jurisdiction
 - Seek additional funding for Court's work
 - WTWG continue to review and make recommendations to Court re transfers

Short-Term Option, cont'd

- Ecology may continue to review water right transfers
 - Amend agency rule to give priority processing to transfers of water rights in the water market or water bank
- Ecology will explore use of temporary/seasonal transfers pending permanent transfer

Long-Term Option: Open water market to more participants and change administration of water market

- Establish a water court to review all transfer requests
- Active market administrator
- Irrigation districts can play central role in water marketing

Long-Term Option, cont'd

- Irrigation District Attributes
 - Manage majority of water withdrawn from Yakima River and tributaries
 - Have important management expertise
 - Significant financial stake in proper management of water in basin
 - Trusted by farmers and landowners they serve
 - Economies of scale and cost savings from pooled water rights

Long-Term Option, cont'd

- Irrigation districts may reduce impediments to water markets
 - Pay members to voluntarily fallow land
 - Lease water to outside entities
 - Use a standard unit of acres fallowed
 - Monitor transactions for effects on its system
 - Short-term fallowing allows sustained agricultural activity
 - Shared and reduced risk to buyer, participating member, and rest of district

Long-Term Option, cont'd

- Crop distribution a key factor
 - Success depends upon willingness to fallow land
 - 2007 census Yakima County - 25% annual crops
 - One-third of perennial crops were hay
 - Seniority of water right also key to value of water
 - Future crop distribution may be different