

Regional Water Rights Use Proposal

April 18, 2016



CHELAN COUNTY

www.chelanpud.org

Purpose Today

- Proposed Temporary Water Right Mitigation Agreement with Crown Columbia Water Resources LLC
- Seek feedback
- Discuss next steps



Water Right Contemplated for Use

- 2012 Purchase from Pioneer Water Users Association
- 6186.71 acre-ft total
 - 1769.63 acre-ft consumptive use
- Purpose of use:
 - Continuous municipal supply
 - Temporary instream flows as a trust water right
- Points of withdrawal:
 - Columbia River downstream of Wenatchee River



Why authorize temporary use of the Regional water right?

- Additional revenue (approx. \$100k-\$200k annually) to partially offset future Regional capital improvements
- Supply a demand for temporary water rights
- Realize value and maximize beneficial use of Regional's water right



Proposal

- A private company, Crown Columbia Water Resources, approached Regional requesting to use its consumptive water rights acquired from Pioneer on a temporary basis
- Regional staff and Regional legal counsel developed a Temporary Water Right Mitigation Agreement for consideration by the Regional members
- Regional grants Crown the right to use the Trust Right as temporary mitigation for the issuance of new, temporary water rights by the Dept of Ecology



Proposed Agreement Conditions

- Crown shall publish availability of right in Wenatchee World annually for three consecutive weeks
- Crown shall give priority to applicants within 26 miles of Wenatchee for 60 days following advertisement
- Crown shall pay Regional \$65 per acre-ft plus $\frac{1}{2}$ of any amount over \$80 per acre-ft
 - Example – \$100 per acre/ft agreement – Regional receives \$75 and Crown receives \$25
- Crown is responsible for all fees (advertising, processing, etc.) plus Regional legal fees
- Crown shall indemnify Regional and carry \$1 million liability insurance



Proposed Agreement Conditions

- Crown shall record notice of title for each place of use
- Regional authorized to audit Crown's records
- Waste and impairment of water right not allowed
- Liens prohibited
- Regional can reduce the amount of water right available for use with 90 days notice
- Regional can terminate agreement at sole discretion with 2-years notice
- Regional can enter into agreements with other parties



Questions & Concerns

- What is a temporary water right mitigation agreement?
- What can a temporary water right be used for?
- Where can the water be used?
- How do local land owners access this water?
- The \$65 per acre-ft price seems low. I've heard of transactions exceeding \$2,000 per acre-ft
- Can Regional process water rights transactions instead of entering into an agreement with a third party?
- Once the water right is being used, how does Regional get it back?
- Can Regional enter into an agreement with more than one Contractor?



Suggested Next Steps

- Advertise agreement for 2-week public review period
- Present comments received during May 16th PUD Board meeting
- Execution of agreement requires unanimous approval by City of Wenatchee, East Wenatchee Water District and Chelan PUD
- Wenatchee and EWWD anticipated to make a decision later this month



Discussion

