

Regional Water Rights Use Proposal

May 25, 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 in-stream 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



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?
 - An agreement between two parties: One has a permanent water right in good standing. The other has applied for a new temporary water right in a basin where water is not available. The water right in good standing is used as mitigation for the new temporary water right.
- What can a temporary water right be used for?
 - Crops that are planted each year or any short term use until a permanent water right can be acquired
- Where can the water be used?
 - The water must be withdrawn from the Columbia River, or from groundwater in hydraulic connection with the Columbia River, anywhere downstream of the confluence with the Wenatchee River. Water cannot be withdrawn from any other location.



Questions & Concerns

- How do local land owners access this water?
 - Availability must be published in the Wenatchee World every year for three consecutive weeks. Only applicants within 26 miles of Wenatchee will be given access to the water right for 60 days. After 60 days, applicants outside the Wenatchee area will be given access.
- The \$65 per acre-ft price seems low. I've heard of transactions exceeding \$2,000 per acre-ft
 - \$65 per acre-ft is the minimum amount Regional will receive for any transaction. The Contractor receives the next \$15 per acre foot . Any amount received over \$80 per acre foot is shared equally.
 - The higher priced transactions are for permanent water rights in good standing.



Questions & Concerns

- Can Regional process water rights transactions instead of entering into an agreement with a third party?
 - Regional does not have the staff or expertise to process water rights.
- Once the water right is being used, how does Regional get it back?
 - Regional can terminate the agreement in entirety with two years written notice at its sole discretion.
 - Regional can withdraw any amount of the water right not previously used with 90 days written notice
- Can Regional enter into an agreement with more than one Contractor?
 - Yes. Regional would first need to terminate the agreement in part or in entirety as described above.



Outreach summary

- April 18th presentation, discussion and Board release
- May 2nd set May 25th public meeting and Board release
- May 10th PUD water rights webpage including proposed agreement
- May 19th advertisement of May 25th public meeting in Wenatchee World
- May 20th KOHO radio interview with Wenatchee Public Works Director Matt Leonard
- May 24th KOHO radio interview with Ron Slabaugh
- May 25th PUD Board public meeting



Suggested Next Steps

- Receive comments through May 27, 2016
- Present comments received during June 6th PUD Board meeting



Discussion

