

ISRP Response

Project ID 29032 : Okanogan Basin Water Strategy

Project Sponsor : Confederated Colville Tribe

Sub-basin : Okanogan

1) Describe the relationship to BPA proposal 29001 (1872 Water Rights).

The two proposals have a common goal to help correct the main habitat problems of the Okanogan basin: low flows and high temperatures. The Okanogan Basin Water Strategy (BPA proposal 29032) is an overall water strategy for the Okanogan Basin designed to increase flows by assembling information and identifying and formulating appropriate water strategies within the diverse land ownership of the basin. As part of the overall water strategy, BPA proposal 29001 will perform an evaluation of available water rights on the western portion of the Colville Reservation to be placed in a trust account for potential transfer to instream flows.

The two projects will function within a cohesive framework, linked by a common database and a common effectiveness monitoring program once implementation of strategies begins. The main differences between the two proposals and the reason behind their submission separately are:

| Difference | Proposal 29001 (1872 Water Rights) | Proposal (Okanogan Water Strategy) |
|-------------------------------------|------------------------------------|--|
| Geographic Area | Western Colville Reservation | Okanogan Basin (Specific pilot project development within three tributaries) |
| Stakeholders | On-reservation | All interested parties |
| Water Strategies to be Implemented: | Water acquisition/water transfer | Variety of strategies, including: conservation measures; water acquisition, lease, transfer; development of a water leasing program/water market/water mitigation bank |

Figure 1 provides a graphical presentation of the inter-relationship of the two proposals. Specifically, the proposals will be *linked* as follows:

Coordinated Management.

The Okanogan Basin Water Strategy Program Coordinator will coordinate with Gary Passmore, the project director for BPA Proposal 29001 and Lois Trevino, the database constructor and manager throughout the planning and development of the Okanogan Basin Water Strategy. Specifically, the coordinator will:

- provide the WRATS data collected for areas outside the Colville Reservation for inclusion in the database,
- utilize information obtained through implementation of BPA proposal 29001 in tributary pilot project selection process to avoid cross purposes,
- coordinate effectiveness monitoring of projects when implementation begins with BPA 29001.

One Database.

The projects will share a common database as developed and described in BPA Proposal 29001. Through BPA Proposal 29001, data specific to water rights on the Colville Reservation will be entered and analyzed. Through the overall Basin Strategy (BPA Proposal 29032) additional data pertaining to areas outside the Colville Reservation within the Okanogan Basin will be collected from WRATS database and analyzed.

Shared Information.

Information collected on possible strategy applications, developing a framework, and additional funding opportunities as well as future project implementation will be coordinated between proposals for those strategies such as water rights acquisition and transfer where there is overlap.

Coordinated Effectiveness Monitoring.

An overall effectiveness monitoring program will be used by both projects to monitor the effectiveness of water strategies on flow and temperature once individual projects are implemented.

Implementation

Implementation of the strategy will depend on the preference and priorities of the stakeholder groups. The proponents do not have a pre-conceived notion of the outcomes, but anticipate that voluntary donations, grant-based purchases, market-based lease/purchases, engineered solutions, and recommendations to state lawmakers will all be potential outcomes from the strategy. Implementation will differ between outcomes. The proponents are, however, particularly interested in concepts that are locally supported and establish local value to the resource, such that a market-based approach would be possible.

ISRP Comments on Project #25074 (Deschutes Water Exchange)

The ISRP provided 7 questions on Project #25074. These are all excellent questions, and are at the heart of the development of water markets generally. The development of water markets in Washington State will require a combination of local stakeholder support for concepts and possibly some changes to current regulations or laws. The Okanogan Basin Water Strategy (BPA proposal 29032) is intended to address both water strategies generally, and water markets specifically. The intent is to establish a discussion forum from which real outcomes (i.e. water in streams) can result. The proponents do not have a pre-conceived notion of the outcomes, but anticipate that voluntary donations, grant-based purchases, market-based lease/purchases, engineered solutions, and recommendations to state lawmakers will all be potential outcomes from the strategy.

The questions posed by the ISRP for the Deschutes project are focused on water marketing, and will all be addressed through the water forums. The “short answers” to the first 5 questions are :

1. Water markets are currently limited by the limited economic value of water in rural areas. This includes “wet water” currently in use and “paper water” present in the form of claims. Without an initial investment from the public sector, there is limited incentive for a fully privatized investment.
2. The ability of private brokerages to develop will depend entirely on the economic values developed from a market-based approach. The “market” does not necessarily have to be a simple “dollars per acre-foot” proposition. Development credits, tax incentives, or other methods should all be considered in a market-based approach.
3. The only current means to transfer water are through voluntary purchase agreements, transfer processes, or adjudicative proceedings. Currently, these methods do not provide much economic value or incentive to the holders or water rights.
4. The ability to link riparian habitat protections with water markets is an excellent concept. Current legislation on compensatory wetland mitigation banking may provide a means for initiating this linkage.
5. State databases are the only current and manageable source of information on water rights, and the quality of information in these databases is often questionable. Actual transactions and valuation will require a time-consuming review of the actual water right documents. Screening of the databases is very important to streamline the process.