



Innovative Water Transfers

State-level Strategies and Tools for Sharing Water while Avoiding or Mitigating Damage to Agricultural Economies, Rural Communities, and Environmental Values

The Western Governors' Association (WGA) and the Western States Water Council (WSWC) have undertaken a joint effort to identify smart water sharing strategies. The project, with support from the Walton Family Foundation, aims to determine how market transfers of water rights can be done with minimal impact on agricultural economies, rural communities, and environmental values. This initiative fulfills an objective stated by WGA's Governor-members in the 2008 *Water Needs and Strategies for a Sustainable Future: Next Steps* report. (See: [Water Needs and Strategies.](#))

The project will focus on state-level programs, institutional arrangements, and administrative practices that can facilitate innovative water transfers. It will only address intrastate transfers. It will not determine whether transfers are “good” or “bad,” nor will

it attempt to develop consensus on transfers or provide a single blueprint for how to conduct transfers. Instead, it will produce a toolbox of strategies, identify options for new programs or administrative practices, and set forth policy recommendations for states to consider – with a focus on activities that can be implemented at the state level.

Background

Transfers of water rights from agricultural purposes to urban or environmental use have gained attention in recent years as one way to meet new demands on the West's limited water resources. In fact, transfers have occurred for decades, but the small scale of the transfers market – only 2% of total surface water withdraws are sold or leased annually¹ – has meant that transfers have largely avoided the public spotlight. Given the growing demands on (and the limited supplies of) water in the West, the topic of water transfers warrants a new and thorough examination.



¹ Figure derived from UCSB Bren School database on water transfers and USGS records of water withdraw in the report, *Estimated Use of Water in the United States in 2005*. Other data in this paper (including Figure 1) derived from the Bren School water transfer database.

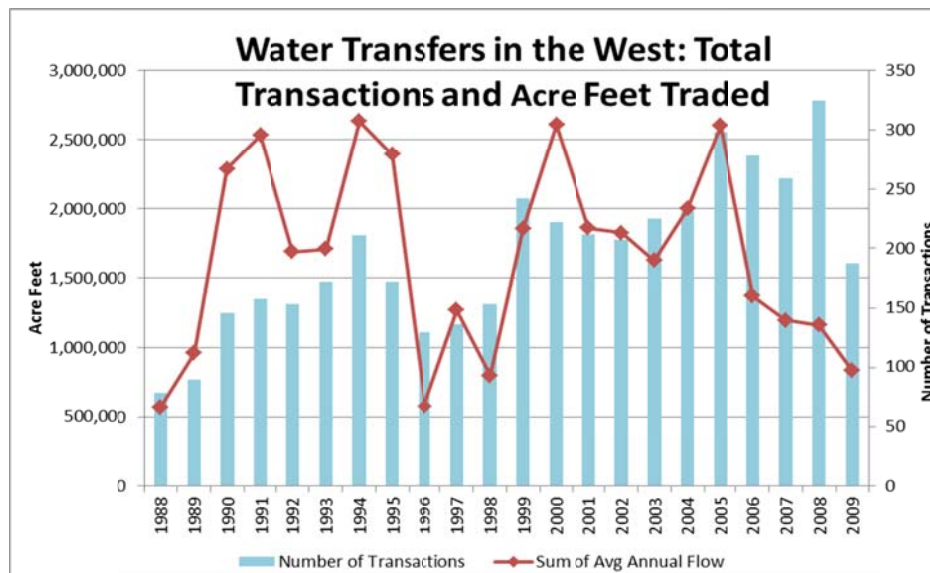


Figure 1: While the number of water transfer transactions has trended up in the past 20 years, the amount of water traded has fluctuated between 600,000 acre-feet and 2,600,000 acre-feet each year. The former amount could accommodate the city of Los Angeles for a year, while the latter amount is roughly equal to what Nevada withdraws annually.

Based on data for the past 22 years, the amount of water transferred has varied from roughly 600,000 acre-feet to over 2.5 million acre-feet per year (Figure 1), and transfers have occurred in 12 of WGA's 19 member-states. Water transfers reassign water rights through a permanent transaction or a temporary lease. A transfer can keep water in its current use – for example, farmers often trade water rights with other farmers in their irrigation district – or it can change the use of the water among a variety of uses like agriculture, urban, industrial or environmental. Water transfers can redistribute water locally or can move water out of basins and over significant distances.

Given the different transfer mechanisms and legal regimes among the states, the WGA and WSWC will not seek to develop prescriptive, “one-size-fits-all” recommendations, but will instead identify a range of tools and strategies that states can consider when addressing water transfers.

Project Goals

Over the course of this one year project, the WGA and WSWC will:

- **Research:** Present an overview of water transfers and agricultural practices in the West and develop several case studies to identify lessons learned from on-the-ground transfers in the West.
- **Collaborate:** Conduct three workshops and engage practitioners, experts, and regulators to gather insight from those working on the issue of transfers.
- **Identify:** Define the issues that should be considered in undertaking water transfers, such as third-party effects and hydrology factors.
- **Recommend:** Create a “toolbox” of policies and practices states may consider in developing their water transfer programs and conducting their water supply planning.

Current Work

As WGA and WSWC continue to develop this project, we welcome input from stakeholders who have thoughts on the subject of transfers and their alternatives. Contact Tom Iseman at WGA (tiseman@westgov.org) for more information.