Innovative Water Transfers Workshop: Impacts to Areas of Origin

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Agriculture to Urban Water Transfers are Increasing …
Innovative Water Transfers Workshop:
Impacts to Areas of Origin

**Focus:** Impacts to communities, economies and the environment where water has been transferred to another use.

**Purpose:** Develop strategies to avoid or mitigate impacts to local economies and food production.
Water Transfers: Why Worry about the Area of Origin?

- “Public” Nature of Water
  - Revenue generation and allied activities
  - Recreation and allied activities
  - Incidental wetlands & aesthetic values
  - Tax revenue base

- Efficiency and Equity of Transfers

- Opportunity Costs and Path Dependence
Example Economic Activity: Irrigated Agriculture

- **Direct Activity**
  - Crop Sales (Gross Revenues)

- **Indirect Effects**
  - Fertilizer, Seed, Chemical Sales (but margins only)
  - Transportation
  - Real Estate Services
  - Ag Consultants

- **Induced Effects**
  - Wages Spent with Local Businesses

- **When is generated economic activity high?**
  - High value crops sold outside the region.
  - Revenues spent on locally produced inputs.
  - Local support industries use local labor and inputs.

<table>
<thead>
<tr>
<th>Region</th>
<th>Economic Activity ($/ac)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas</td>
<td>$428</td>
</tr>
<tr>
<td>Republican</td>
<td>$678</td>
</tr>
<tr>
<td>Rio Grande</td>
<td>$1,127</td>
</tr>
<tr>
<td>South Platte</td>
<td>$690</td>
</tr>
</tbody>
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Framing the Impacts

- Snapshots and Adaptation
- Economic Vs Non-Economic
- Local vs. Regional Concerns
- Seniority and Significance
- “Tipping” Points in a Community
- Long Run Time Horizon
Mitigation Principles

- Stakeholder Dialogue and Best Practices
- “Affected” Area and Affected Parties
- Gradual or Non-Permanent Transfers
- In-Kind Investments as an Alternative
- Preferences of the Payers
Western Household Preferences
Long Term Needs

WTP = $16/month in summer