



# INNOVATIVE WATER TRANSFERS WORKSHOP

The Curtis Hotel • Denver, CO

Thursday, Oct. 27, 8 a.m. – 5 p.m. • Friday, Oct. 28, 8 a.m. – 12 noon

*With generous support from*



# Break-Out Groups

## **Group 1 - Scissors Room - Tom**

Adam Schempp	Pat O'Toole
Frank Riggle	Peter Nichols
Jennifer Gimbel	Reagan Waskom
Kevin Rein	S. David Cobb
Kristin Maharg	Sue Lowry
Mark Pifher	Taylor Hawes

## **Group 2 - Paper Room - Todd**

Alex Davis	Mark Squillace
Amy Beatie	Morgan Snyder
Brad Wind	Phil Ward
Dale Mauch	Rodney T. Smith
Jennifer Pitt	Sarah Fowler
John Stulp	

## **Group 3 – Back of this Room - Nathan**

Bonnie Colby	Jonathan Mathieu
Brenner Brown	Larry Patterson
Chuck Howe	Lisa Vehmas
Hal Simpson	Mary Kelly
James Pritchett	Sue Morea
Jim Yahn	

## **Group 4 – Front of this Room - Carlee**

Bill Hasencamp	Kelly DiNatale
Brianna Randall	Mary Lou Smith
Charlie Bartlett	Monica Van Bussum
Jay Winner	Reed Watson
Jennifer Schellpeper	Tim Macklin
John D. Wiener	

# Panel I: Discussion Questions

- 1) How have you worked to initiate and sustain local solutions for water sharing?
- 2) Municipalities have stated that reliability of their water supplies is essential and therefore prefer to buy and own water rather than lease water. Can leases (including long-term leases) meet the cities' need for reliability, or does **ownership** need to be in the hands of the cities? If the latter, how do we reconcile local solutions with municipal water ownership?
- 3) What can states do under the current regulatory and legal framework to encourage local solutions? What tools, incentives, support, and resources do states and regulators need to encourage local solutions?
- 4) Successful collaboration at the local level often requires the development of sustainable partnerships between multiple stakeholders with diverse interests. What types of efforts – including, but not limited to, public education and outreach – are most effective in bringing together diverse community perspectives with an interest in local water resource management?

# Panel II: Discussion Questions

1) Are the time and costs associated with water transfers (e.g. engineering, administration, and negotiations) a hurdle to innovative water transfers? If so, what can we do to streamline administration and transaction costs?

At the same time, as we employ strategies to simplify and expedite water rights transfers, there are consequences. List the consequences and their severity. How do we streamline administration in a way that does not create negative consequences?

2) Are there ways to reduce administrative or transaction costs for temporary transfers in order to make them a viable and competitive option compared to permanent transfers, especially considering cities' potential preferences for permanent water sources?

3) In some cases, parties may enter into informal "gentlemen's agreements" to voluntarily share surface water or forgo the exercise of a valid right to the use of surface water. How effective or useful are these arrangements? What barriers do they face and what can be done to overcome such barriers?

4) What are the political and technical realities that must be considered and addressed in order to affect real change on the administration and management of water transfers?

# Panel III: Discussion Questions

- 1) What are the most significant impacts (e.g. agricultural, environmental, economic, cultural, etc) to local communities of water transfers?
- 2) When we talk about protecting food production, are we concerned about global or national food security or local food production? How can we better quantify the potential impacts of water transfers to food production, and how do we address these impacts?
- 3) How can communities, states and regulators assess the impacts of water transfers on areas-of-origin? What steps can states take to develop consistent and reliable data regarding these impacts?
- 4) Who should bear the costs of the impacts of water transfers to local communities? What are the appropriate mechanisms or tools to compensate areas of origin?

# Panel I - Breakout Group 1

1) How have you worked to initiate and sustain local solutions for water sharing?

- Come together; agree on the problem; identify fears and obstacles
- You need a **crisis** – 2002 drought – Mother Nature or a Supreme Court ruling
- Personal **relationships** – figuring out who should be involved – identify thought and opinion leaders as well as naysayers
- The political environment – right **political buy-in** to solve legal problems
- **Timing of conversations** – who to talk to and when to talk to them
- **Economics** are important – who will pay? And transparency.
- **Common Technical platform**

# Panel I - Breakout Group 2

2) Municipalities have stated that reliability of their water supplies is essential and therefore prefer to buy and own water rather than lease water. Can leases (including long-term leases) meet the cities' need for reliability, or does **ownership** need to be in the hands of the cities? If the latter, how do we reconcile local solutions with municipal water ownership?

- Durable solutions can exist – opportunities for municipalities for short term solutions
- Do **leases** meet the need for control of water rights? Is the question about control over price or returning the water to ag?
- **What does leasing mean?** Interruptible supplies, impermanent dry year arrangements?
- Takeaway: Can we create a governance system that **lowers transaction costs** and the **uncertainty** of outcomes to create more **flexible tools**? If so, we can come to the question with different answers.

# Panel I - Breakout Group 3

3) What can states do under the current regulatory and legal framework to encourage local solutions? What tools, incentives, support, and resources do states and regulators need to encourage local solutions?

- **Funding** for studies and technical and legal assistance
- **Streamline** regulatory process to lessen time and costs
  - Treat permanent and temp differently
  - Perhaps give innovative (drought and interruptable supplies) transfers a priority of review
  - Approve substitute water supplies for projects in the queue
- Facilitate **local drought management** plans before drought happens



# Panel I - Breakout Group 4

4) Successful collaboration at the local level often requires the development of sustainable partnerships between multiple stakeholders with diverse interests. What types of efforts – including, but not limited to, public education and outreach – are most effective in bringing together diverse community perspectives with an interest in local water resource management?

- Developing trust and communication
- Slow **relationship building**
- States can help with **public awareness**
- States can fund advisory and intermediary groups – coordinating coffee meetings
- Casting a broad net, bringing **every stakeholder** in
- Except in California – keep the state out of it – individual partnerships are best
- Colorado, want the state to **keep funding for water projects in place**
- **States/BoR** should be an apparent and legitimate participant in discussions

# Panel II – Group 1

1) Are the time and costs associated with water transfers (e.g. engineering, administration, and negotiations) a hurdle to innovative water transfers? If so, what can we do to streamline administration and transaction costs?

At the same time, as we employ strategies to simplify and expedite water rights transfers, there are consequences. List the consequences and their severity. How do we streamline administration in a way that does not create negative consequences?

- YES.
- YES. But questions as to how.
  - **Engineering:** A common technical platform (e.g. RGDSS) or rebuttable presumption.
    - May need statutory clarification on authorities of State Engineers
  - **Environmental and Socio Economic:** It may not be as easy to develop common technical platform, due to site-specific issues and cumulative/step-wise impacts.
  - **Streamlining:** Over-time, it may become easier and more familiar. But people may also get better at obstructing the system.
- We can *minimize* negative consequences, but not avoid them entirely.

# Panel II – Group 2

2) Are there ways to reduce administrative or transaction costs for temporary transfers in order to make them a viable and competitive option compared to permanent transfers, especially considering cities' potential preferences for permanent water sources?

- **Limit the scope** of issues to address based on timeframe of agreements (so longer have more ext review)
- Employ some use of **models – rebuttable presumptions**
- Change the **forum** (water court in CO)
- **Banking** as a viable option
- **Infrastructure** and **monitoring** requirements
- **Pilot projects** to explore boundaries of legal structures
- If transaction costs are high, then better sources of **funding** to compensate those pursuing transactions (specifically, funding pilots which create scalable templates)
- Is there a gov't role in requiring **shared infrastructure**?
- Give certainty to those looking for reliable water sources

# Panel II - Group 3

3) In some cases, parties may enter into informal “gentlemen’s agreements” to voluntarily share surface water or forgo the exercise of a valid right to the use of surface water. How effective or useful are these arrangements? What barriers do they face and what can be done to overcome such barriers?

- Encourage ways to allow **charitable tax deductions** for instream donations.
- Focus on the **timing** of when water is released.
- States should be **aware** but **not overly involved**.
- Carry out education and **outreach** about benefits, costs, and laws (conserved water, abandonment, forfeiture laws and requirements, etc.)
- Allow entities to **convert rights** to instream flows or add instream use so they can be flexible with it.
- Downside of gentlemen’s agreements – someone decides they are injured, then exit.

# Panel II – Group 4

4) What are the political and technical realities that must be considered and addressed in order to affect real change on the administration and management of water transfers?

- **Public information** – should be transparent and readily available. WGA/WSWC could provide guidance and examples of public databases (BoR)
- **Environmental impacts** must be considered as well – in CA, a large consideration in process (CEQA). EIS also necessary in MT and other states
- **Fear of change:** resistance from ag community and municipalities alike; resistance to compromise (or something that looks like it)
- **Exemptions from permitting process** negates motivation. Be careful in how you streamline or exempt things – indicative of preferential treatment.
- Difficulty in **designing a system** that protects other water right holders while also streamlining.

# Panel III – Group 1

1) What are the most significant impacts (e.g. agricultural, environmental, economic, cultural, etc) to local communities of water transfers?

- Not sure there are any priorities: it's all important!
  - **Food security:** a distributed network for producing food; and local food
  - **Economic impacts** to farms and allied business – tipping points?
  - Rural culture and lifestyle – youth education and national social fabric
  - **Environmental:** Terrestrial/vegetation and riparian/wetlands and migratory birds & fish. Much of our natural environment is dependent on irrigated ag.
  - Tipping Points: **Scope and scale** and how it fits in a community
  - **Future Impacts:** Need to look at lost opportunities. Farms are irreplaceable.

# Panel III: Group 2

2) When we talk about protecting food production, are we concerned about global or national food security or local food production? How can we better quantify the potential impacts of water transfers to food production, and how do we address these impacts?

- Not just food production, but **food, fuel, fiber, flowers**. How do you quantify this production? Acres? Economic value?
- Healthy regional ag production
- **Local food production markets** – definitely a trend in US towards locally produced foods, but those are often different than what products are being produced regionally
- Mitigating? Help the producers **gain access to markets**. Flexibility in production.
- Preference to ag-water conservation.
- Exports – US as an ag organism. We are a net exporter; opening further markets.
- Overviews of ag – International Assessment of Agricultural Science Technology and Development; Foresight on Food and Food Systems – UK

# Group 3 – Panel III

3) How can communities, states and regulators assess the impacts of water transfers on areas-of-origin? What steps can states take to develop consistent and reliable data regarding these impacts?

- Use data and models to compare impacts between permanent and innovative transfers.
- Develop a methodology for quantifying values and impacts of innovative transfers.
  - Linking economic activity to hydrologic data
  - Look at economic activity derived from permanent or temporary transfers.
- Look at past experiences of previous transfers on communities (where water went to and where it came from).
- Consider the value of keeping options open for agriculture and the future – meaning temporary and reversible.



## Group 3 – Panel III, cont.

- Invest in common a technical data platform to support regional economic models that can trace linkages when water is moving from one use to another.
  - Small investment but county level models need to be regularly refreshed and updated
  - Potential engagement with ag-extension service
  - Models are good for looking at basic impacts
- Consider impacts of changing agricultural land ownership patterns – large vs. small farms.

# Panel III – Group 4

4) Who should bear the costs of the impacts of water transfers to local communities?  
What are the appropriate mechanisms or tools to compensate areas of origin?

- Who should pay? Not necessarily the buyers of water, but **as a practical matter, the buyers will be held responsible.**
- What mechanisms can compensate? Often used – payment in lieu of taxes, compensation for lost tax revenue.
- New avenues: create **rural-urban economic partnerships**. Take urban administrative jobs to rural areas, bring rural produce to urban schools
- Create programs that help **diversify farm income** – transfers today don't usually lead to a complete dry-up – help diversify farm and ranch income (recreation on-farm)
- Go to the communities first – ask **stakeholders** what they want
- Create economic opportunities by adding **broadband** and wifi access in community