

# INNOVATIVE WATER TRANSFERS WORKSHOP

Las Vegas, Nevada

December 12-13, 2011

Meeting Summary

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## Summary

On December 12 and 13, a group of practitioners, scholars, water resource managers, and experts gathered for a workshop on innovative water transfers. The group convened to discuss three aspects of water transfers and to find creative ways to approach them: transfers involving the Bureau of Reclamation, infrastructure and transfers, and the role of the private sector in water transfers.

The panel on BOR-related transfers acknowledged the difficulties of working through the various laws, acts and policies that govern Bureau-related transfers. New draft policies from the Bureau have laid the framework for refining definitions of the purpose of use and establishing new rate-setting mechanisms that may change the Bureau's approach to pricing water delivery services and transfers. Bob Johnson, the Panel's moderator and a former Commissioner of the Bureau of Reclamation, encouraged workshop participants to read the policies and offer their thoughts to the BOR.

The panelists offered a wide-ranging overview of working with the Bureau on the issue of water transfers. A historical perspective demonstrated that the Bureau has varied between an active and a passive role in transfers. A local water improvement district manager shared his experience working with the Bureau, saying he was glad his district was a Bureau project and that the BOR has played a large role at the negotiating table in the past.

The second panel focused on the role of infrastructure in water transfers. It was moderated by Jeanine Jones of the California Department of Water Resources and included panelists from projects in Arizona, Colorado, and California. The discussion focused on the role of infrastructure in creating, storing, transporting, and/or treating transferred water. One example came from the Imperial Irrigation District, where conservation measures to improve water use efficiency have involved infrastructure improvements such as canal lining and water delivery monitoring. One participant observed, "We used to think transfers were an alternative to infrastructure; now we realize that infrastructure is an integral component of water transfers."

The third and final panel tackled the subject of the private sector's role in water transfers. The discussion topics included private water providers, investment funds, and the ways private investment can be integrated into water transfer policy. Key themes focused on the importance of encouraging water transfers and development without encouraging speculation. The panel also emphasized a need for a high level of transparency in public-private interactions, and a general sense that the idea of making money from a water transaction need not be as stigmatized as it sometimes is.

The workshop also included a case study of a successful water transfer: the Metropolitan Water District – Palo Verde Irrigation District (MWD-PVID) transfer in Southern California. Representatives from MWD, PVID, and the Palo Verde Valley Community Improvement Fund (CIF) spoke on the transfer. A voluntary rotational fallowing program allows PVID farmers to stay in business and sends conserved water to Southern California for MWD to use in meeting the growing demands of its urban customers. MWD also

provided funding to establish the CIF, which carries out community improvement projects to offset the economic impacts associated with the fallowing, including efforts to train workers in other industries such as truck driving.

Further, the workshop included a number of stand-alone speakers, including Jicarilla Apache Nation attorney Herb Becker, who discussed tribal water leasing. Brad Udall with the University of Colorado's Western Water Assessment described water market efforts in Australia's Murray-Darling Basin and how lessons from Australia can be applied in the Western United States. Carly Jerla with the Bureau of Reclamation gave an update on the Colorado River Basin Study and suggested that workshop participants consider identifying ways that water transfers can fit as part of the solution set in the Colorado River.

Several key themes emerged during the Workshop:

- **History and Background in Water Transfers:** Participants recognized a long history of recommendations to improve water transfers in the West. We should examine progress over the past several decades (especially where WGA has played a role) and also recognize the challenges or obstacles that have limited the adoption of new water transfer practices.
- **Programmatic Approaches:** Programmatic approaches to facilitate administration and provide environmental protection have been a successful approach to facilitate water transfers.
- **Federal/State Role:** Federal involvement with respect to water transfers will depend on a number of circumstances, including statutory requirements as well as the circumstances and size of individual transfers, among other factors. State and federal requirements should be coordinated and compatible.
- **Include/Inform the Public:** Stakeholder involvement is often vital for successful long-term water transfer programs. When considering public-private interaction, participants should be as transparent as possible in dealings (while acknowledging confidential aspects of negotiation).
- **Create Flexibility within Large and Long-Term Transfers:** The MWD-PVID transfer uses rotational fallowing so that no farmer has all of his/her acreage dry for an extended period of time. The CIF funded initiatives as diverse as truck driver training and providing new playground equipment at area schools. Providing multiple options helped the MWD-PVID transfer succeed.
- **Defining Rights and Creating Certainty:** Defining the rights of those who use the water and build infrastructure – as well as fair compensation - is important for facilitating water transfers. In Bureau-project related transfers, there needs to be clear title and ownership of assets: the Bureau can still own assets, but there ought to be a clear definition of the public and private rights to the use of common resources.
- **Private Sector:** The private sector can play an essential role in financing transfers and associated infrastructure. The final report to the Governors should include an in-depth look at the current role of the private sector in transfers and how the private sector can contribute to future solutions.

### Next Steps

This workshop was the last in a three-part series of meetings hosted by the WGA and WSWC. Ideas generated at these meetings will inform a final report to be presented to the Western Governors in 2012. The report will feature a toolbox of innovative strategies and policy recommendations for Western states to consider when working to encourage beneficial uses while mitigating any adverse impacts associated with water transfers. The WGA and WSWC will engage participants in the development and review of the report in the spring of 2012.

Previous workshops focused on transfer issues in the Northwest and the Intermountain and Great Plains states, and were held in Bend, Oregon and Denver, Colorado. For presentations, agenda, and additional material, please see: <http://www.westgov.org/water/373-water-papers>.