

Water Banking: Pilot Sub-Committee

July 12, 2018

DNR 10:00-12:00

Attendance:

Marcelle Shoop: Audubon Society mshoop@audubon.org

Elizabeth Kitchens: TNC ekitchens@TNC.ORG

Rich Tullis: Central Utah Water Conservancy District - Rich@cuwcd.com

Emily E. Lewis: Clyde Snow – eel@clydesnow.com

Steve Clyde: Clyde Snow – sec@clydesnow.com

Candice Hasenyager: Division of Water Resources - candicehasenyager@utah.gov

Todd Adams: Division of Water Resources - toddadams@utah.gov

Craig Miller: Division of Water Resources - craigmiller@utah.gov

Meeting Summary:

A sub-set of the Pilot Water Banking Committee met to primarily introduce the idea of broader Utah Division of Water Resources (“DWR”) participation in current water banking efforts. More specifically, the group discussed efforts, to date, in compiling a BOR WaterSmart grant application to fund a pilot project and DWR being the lead agency for a future 2019 Application.

Assignments for Next Meeting:

The group is to identify two water systems on which to focus pilot project efforts.

Next Meeting:

August 13, 2018

3:00-4:00

DNR RM 314

MINUTES: These minutes are taken contemporaneously as a courtesy record of the group’s conversation. Please excuse any inadvertent attributions, accidental misstatements, or omissions.	MAIN THEMES/USEFUL TOOLS:
<p>Elizabeth Kitchens:</p> <ul style="list-style-type: none">- Overview of WaterSmart water marketing grant- May need to carve this down to smaller pieces- Two Pots of Money<ul style="list-style-type: none">o 1) \$200,000 for projects that can be completed in two yearso 2) \$400,000 for projects for four years- A State Agency of public water user group needs to be the official applicant and a then as many co-applicant stakeholders as we can muster- There are also cost sharing requirements <p>Steve Clyde:</p> <ul style="list-style-type: none">- Having Water Resources be the applicant gives this application more gravitas and support-	<p>Division of Water Resources</p> <p>As Applicant: The Group agreed that having DWR as the main applicant on the BOR WaterSmart grant application would make the application more competitive.</p> <p>Utah State University: DWR has currently provided some financial assistant to Utah State graduate students to study water banking concepts. The group agreed it would be ideal to coordinate with these</p>

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<p>Rich Tullis:</p> <ul style="list-style-type: none">- Lots of stakeholder participation has already been sown - priority for all of the groups and if the state is leading the charge it's a strong application <p>Candice Hasenyager:</p> <ul style="list-style-type: none">- One benefit of us being an applicant is it gives more of a statewide perspective- How does this tie into watershed group? <p>Steve Clyde:</p> <ul style="list-style-type: none">- These are really compatible and in Idaho it is the watershed councils that actually direct the local water banks- Need to coordinate with the Utah watershed groups? <p>Todd Adams:</p> <ul style="list-style-type: none">- We will have some draft legislation before the end of the week <p>Marcelle Shoop:</p> <ul style="list-style-type: none">- Based on past notes we had discussed funding for a watershed pilot project – is this legislation for a pilot project?- Todd Adams: more for watershed councils <p>Rich Tullis:</p> <ul style="list-style-type: none">- One of the benefits of doing the pilot project is to see if watershed councils are really the best entity to manage <p>Marcelle Shoop:</p> <ul style="list-style-type: none">- Seeing this project as having some other smaller projects underneath the larger project <p>Paul Burnett: have talked about modeling transactions to see how this would work before actually doing one on the ground</p> <ul style="list-style-type: none">- Get stakeholder involvement early and work out bugs early <p>Steve Clyde:</p> <ul style="list-style-type: none">- To work on the reclamation side we are going to have to have some federal law changes- This could be a side bar and keep the process moving in parallel and we just focus the grant on a specific state side- Chalk Creek as a specific example may be good <p>Candice Hasenyager:</p> <ul style="list-style-type: none">- Are the Chalk Creek water users interested in participating?- Water Resources has funded a Joanna Inter-water (?) at Utah State to study water bank concepts- We could tie into an application that we are building on existing research <p>EELewis:</p> <ul style="list-style-type: none">- HB 381 Ag. Optimization – is that a relevant group to also to be in the discussion?- Todd Adams/Steve Clyde: not as related <p>Rich Tullis:</p> <ul style="list-style-type: none">- We need to make sure Ag. is on board and is there a specific	<p>efforts and perhaps have a written and published product in conjunction with the pilot project.</p> <p>Modeling v. Physical Pilot: The pros and cons of undertaking a simulated pilot or simulated financial transactions prior to actually implementing a physical pilot project were discussed. Some group members thought a simulated pilot would be a worthwhile exercise while others preferred to move straight to a physical pilot.</p> <p>Two Pilot Systems: It was discussed that have two pilot systems, a water stressed area and a water rich area may be the best way to operate a pilot and troubleshoot issues.</p> <p>Leasing Pilot Water: It was proposed the group look at leasing some amount of water (500 AF) to put into a pilot project and to maintain control of the water to address pilot project concerns/experiments.</p>
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<p>area with instream flow concerns where Ag. can also get an income stream flow</p> <ul style="list-style-type: none">- This would be an ideal location to show support <p>Marcelle Shoop:</p> <ul style="list-style-type: none">- Some high level discussions with Trout Unlimited on the Weber and some on the Bear <p>Rich Tullis:</p> <ul style="list-style-type: none">- We are supposed to be acquiring instream flows under CUPCA and getting water to the Provo River Delta for June Sucker recovery- If we could find some famers in Kamas and move that water down through the system – then send the message that this works- Have the study help with river commissioner and shepherding issues- If we could figure out a way for the State Engineer to measure water distributions <p>EELewis:</p> <ul style="list-style-type: none">- Pick a system that already has good measuring infrastructure <p>Todd Adams:</p> <ul style="list-style-type: none">- The Price/San Rafael would also be a good to start <p>Elizabeth Kitchens:</p> <ul style="list-style-type: none">- There are still a lot questions that need to be fleshed but we need legislation for this to work- Steve Clyde: can we back into the legislation by doing the pilot study first <p>Rich Tullis:</p> <ul style="list-style-type: none">- They could sunset legislation and narrow it to the watershed we are working on- Not want to scare off the Ag. community and need to make sure they are comfortable with the scenario <p>Candice Hasenyager:</p> <ul style="list-style-type: none">- There was a discussion on having multiple year contracts but how would that work with split season leasing?- How would we account for them making a decision in the duration of their contract <p>Rich Tullis:</p> <ul style="list-style-type: none">- Multiple scenarios to mix and match so each year its ok:<ul style="list-style-type: none">o 1) individual farmer tells you on July 1 whether they are going to do year to yearo 2) Company chooses that they are going to give 20% of their water right for 7 of 10 years but the Company gets to choose when they contribute and make internal operationso 3) Huge contracts i.e. Strawberry commits to some	
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<p>amount of water</p> <ul style="list-style-type: none">- Little bit of the chicken and the egg <p>Marcelle Shoop:</p> <ul style="list-style-type: none">- The grant can cover scoping and planning activities- It would be great if we could have legislation but it may not be realistic and a simulation may be the best way to do so <p>Steve Clyde:</p> <ul style="list-style-type: none">- On a private transactional basis this would work but on the issue of shepherding we will need legislation <p>Rich Tullis:</p> <ul style="list-style-type: none">- I am worried about getting caught up in modeling and want to apply it on the ground and troubleshoot actual problems <p>Candice Hasenyager:</p> <ul style="list-style-type: none">- Modelling is great, but will need to have the physical measuring devices <p>Rich Tullis: reality is need to get on the ground you need to get the individuals on the ground and figure out what we need to get people on board</p> <p>Todd Adams:</p> <ul style="list-style-type: none">- There is still some benefit to modeling/simulating because it can trouble shoot some of the issues that are going to come up on the ground <p>Marcelle Shoop:</p> <ul style="list-style-type: none">- Is there a place we can take the simulation on the ground where we don't have to start the ground work?- Rich Tullis: I think so <p>Elizabeth Kitchen:</p> <ul style="list-style-type: none">- One of the asks in the Application would be for funding for a staff person to oversee this process – Project Manager and Coordinator- Rich Tullis: Wayne comments on disfavored funding for staff –- Elizabeth: As long as the funding can be attributed to specific time spent – cost accounting <p>Candice Hasenyager:</p> <ul style="list-style-type: none">- Could this be an in-kind contribution as part of the project and help with 50% cost share? <p>Marcelle Shoop:</p> <ul style="list-style-type: none">- Is there a role for Water Rights to be the Co-Applicant and can we get them at the table sooner rather than later? <p>Steve Clyde:</p> <ul style="list-style-type: none">- We will need someone who is familiar with river commissioners and distribution system <p>Elizabeth Kitchens:</p> <ul style="list-style-type: none">- Our contacts with BOR have been excited about a Utah application	
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Todd Adams:

- Might be interested to do this in a water rich area and a water stressed area

EELewis:

- Is there a specific area Utah State is looking at?

Todd Adams: Cache Valley

Marcelle Shoop:

- It would be nice to have a published work collecting or using our water banking early work

Elizabeth Kitchen:

- Grant application is due July 2019
- Review process fall 2019
- Grant approval October 2019
- Money available 2019

Candice:

- What are next steps:
- Steve Clyde: need to pick two areas to study
- Rich Tullis: how do we shepherd the water?

Group:

- Perhaps the Virgin
- Washington County Water Conservancy knows the plumbing and has endangered fish issues

Group:

- How does this fit into the Legislative changes?

EELewis:

- Can we use the pilot for trouble shooting draft Legislation

Rich Tullis:

- Maybe as part of an in-kind contribution CUWCD lease 500 AF of water to try it out

Candice Hasenyager: it's been pretty effective on the Colorado Pilot Water Conservation Project

Craig Miller:

- I can confirm that information

Elizabeth Kitchens:

- \$150 AF – pay to participate and have to let participants know that this not a market price

Marcelle Shoop:

- Reverse auction may be an idea–
- TNC and Audubon have used this as means to put water on rice fields for bird populations

Candice Hasenyager:

- Identify an area that has the telemetry

Rich:

- helpful but not an exact science

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Todd Adams:

- We may need to actually modify infrastructure to get this to work and will need to have money to do so

Rich:

- Can we have this infrastructure be part of the grant?

Marcelle Shoop:

- Need to be careful about triggering NEPA
- Need to include money in the grant cover procedural administrative cost

EELewis:

- Can infrastructure come as an in-kind contribution?

Marcelle Shoop:

- We would have to check but most likely

Todd Adams:

- Need Legislative approval to take Federal money
- Through the appropriations Committee that meets more regularly -
- The large amount of stakeholders will help with grant application

Next Meeting:

- August 13, 2018
- 3:00-4:00
- DNR RM 314