

Columbia River Caucus
Meeting Notes
Online meeting
August 27, 2020

Attendees:

Bob Bugert, Chelan County
Jerome Delvin, Benton County
Paul Jewell, WSAC
Wes McCart, Citizen
Holly Myers, Ecology

Mark Peterson, Crown Resources
Mark Stedman, Lincoln County
Tom Tebb, OCR
Neil Aaland, Staff

Call to Order/Agenda Review

Neil noted that he will be serving as facilitator for today's meeting.

Trust Water and Crown Water Resources

Mark Peterson was introduced. He is working on water banking proposals. A draft proposal was sent around for commissioners to review. Water banking is good for counties. He wants to discuss transfer process, water markets, and water pricing. He noted water transfers are reversible, not permanent. All downstream transfers create mitigation value.

Water markets include irrigation, agriculture, and potable uses. Counties need to pay attention to potable uses. These only consume a tiny amount of water. Out of basin transfers only include agriculture and potable uses, and only happens in tributaries to the Columbia River. Pricing is an important item. OCR has 25,000m acre-feet of water, and its pricing is below market. The commercial market cannot compete with them on price. He discussed how Kittitas County found itself in a difficult situation.

Crown has acquired a portfolio of water rights. They will make this available to counties or OCR for one year at cost plus 8%. Crown can do this because of its structure. He mentioned "fractional reserves" or having a reserve available.

Tom Tebb appreciates developing the framework. OCR was created in 2006 to "aggressively pursue" new water. This proposal is creative. OCR has been working with Mark to see if an agreement can work. It might help counties to manage some of this risk. He is interested in county reactions.

Paul Jewell, WSAC, has discussed this with Mark and with Tom Tebb. There are some interesting ideas. Creating more flexibility is in county interests. He is curious about transparency and water pricing provisions and notice for these activities.

Mark said for an upstream move of water to happen there must have been a downstream move. Crown expects the market to be downstream agriculture. They will have a quarterly spreadsheet showing water movement, and they are happy to share that.

Paul is not sure that downstream agriculture is the main market. Upstream row crops cannot compete with some downstream uses. Mark says the reason for Crown's market being agriculture is Crown is not able to compete with OCR.

Wes McCart expressed concerns about the project. He thinks this might speed up the process by which water rights move downstream. The result will be developing homes to displace agriculture, which means a hit on a county's tax base since it is more costly to provide services to rural homes. Mark agreed that upstream row crops are under economic pressure. Crown's proposal is not causing this. Paul noted we are dealing with a private right to use a public resource. The fear is that there is not two-way flexibility. The timeframe for the proposal – they are waiting for a more settled political situation.

Tom noted that the document is still being fine-tuned. This would require more rigor on tracking and documentation. It is innovative but can be hard to implement.

Other Topical Updates

Columbia River System Operation Review: Neil said the final EIS has been issued with a preferred alternative, and the final Record of Decision (ROD) will be issued in September.

Upper Columbia Human Health Assessment: This was prepared in response to the water quality issues from the Teck/Cominco properties. It has been going on for 15 years. Question is whether water behind Grand Coulee safe to swim or drink? The assessment is out for public comment, 60 days to review. The Lake Roosevelt Forum website has a lot of information.

CR-PAG Agenda: Neil summarized the draft agenda. Topics will include:

- CR System Operation Review;
- Summary of facilitator Cynthia Carlstad's conversations with PAG members;
- What will be included in the Department of Ecology Advisory Group on Water Trust, Banking, and Transfers- Report to Legislature;
- Updates from Office of Columbia River (budget, legislative, other)

OCR Updates: Tom Tebb, OCR, said they are trying to get money encumbered. OFM has restricted new contracts which froze some OCR work. His direction is to plan as normal but also prepare for a 15% budget reduction. For YBIP, proposed \$42 million. For OCR, proposed \$40 million. For SVID, proposed \$5 million. The total proposal is roughly \$85 million. This does not include the 15% reduction.

Paul Jewell asked what projects are planned with the next \$40 million for OCR. Tom said half of this is for completing the Odessa groundwater program. They are on the cusp of constructing several pumping stations, and still need to replace some county bridges. They also have a new job in the Walla Walla basin that he has previously discussed. There is some funding for Icicle work, some ASR work, some annual payments. Next two biennial cycles should totally complete Odessa; a total of \$105 million is the estimate for what will have been spent on that item.

Roundtable: Bob Bugert said that Mike Kaputa of his staff will be reaching out to Paul regarding the Crown proposal.

Adjournment: The meeting adjourned at approximately 11:30.

The next meeting of the Columbia River Caucus will take place during the November WSAC annual conference.

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