

Water Markets and Water Banking

In Utah

Water Finance Board

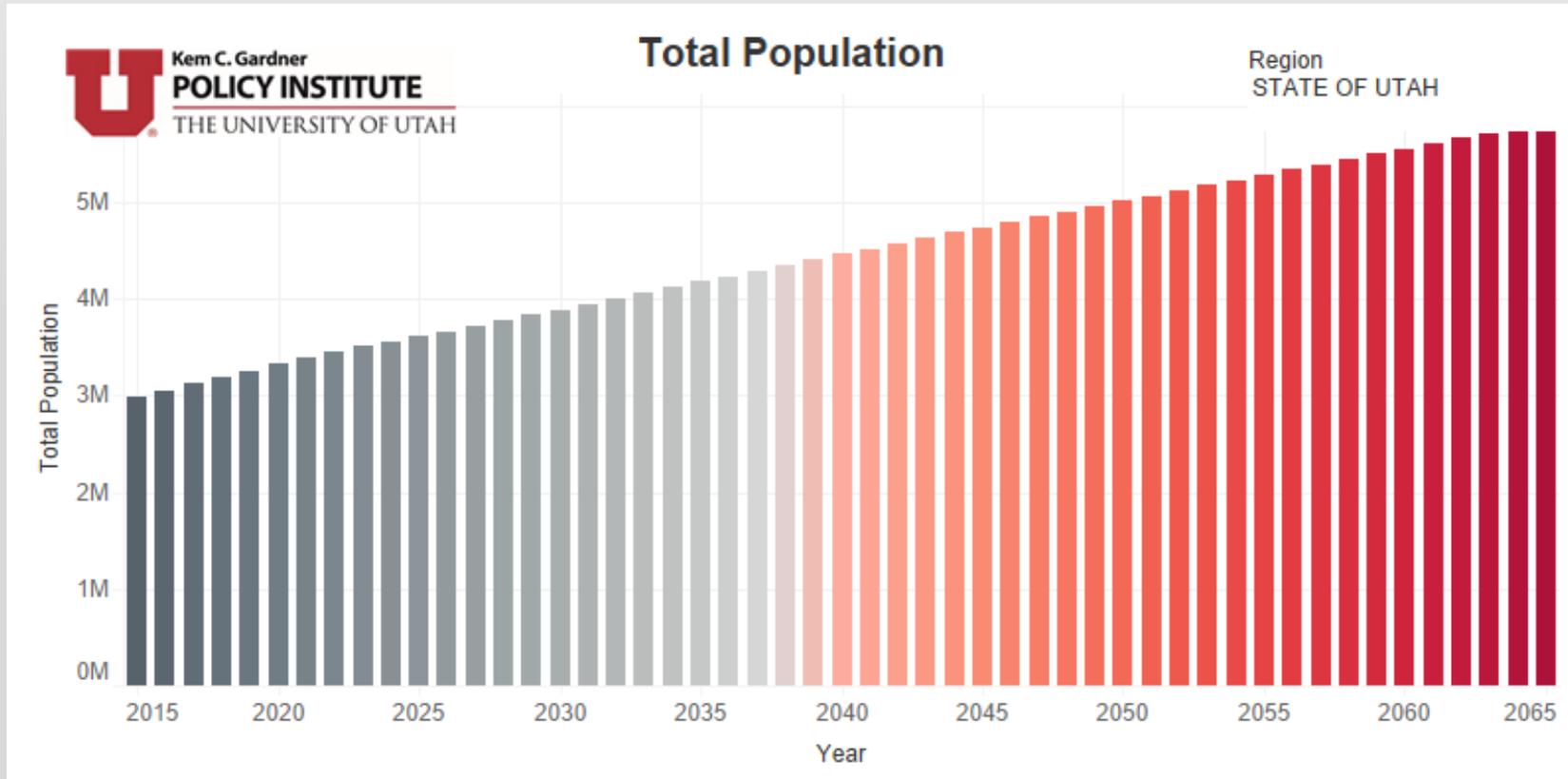
November 5, 2019

Water Banking

Voluntary – Temporary – Local

The Need and Context

Looking Ahead



Pressures

- Increased population
- Development
- Recreation
- Environment and Water Quality
- Agricultural production and efficiency
- Drought and climate



Case Study: Lower Arkansas Valley, CO

Buy and Dry: The purchase and fallowing of agricultural lands in order to transfer and use the water rights for non-agricultural uses, primarily to support expanding urban growth in distant municipalities.

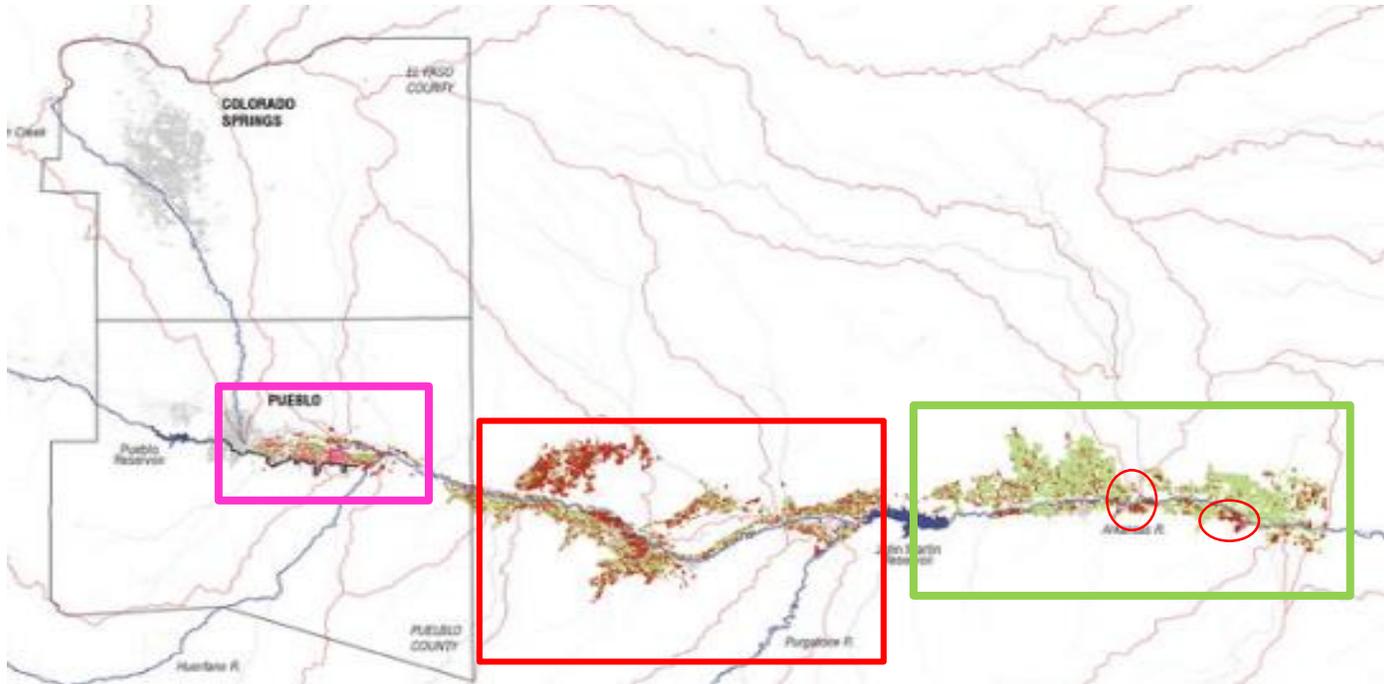
Pueblo and Colorado Springs, Colorado

Estimated **78% growth in population** between 2008- 2050

“Buy-and-dry” transfers have **followed ¼** of the area’s agricultural lands

=**100,000 Acre-Feet** of water transferred

Estimated **50% of farmland** could be fallowed by 2050 to supply urban growth

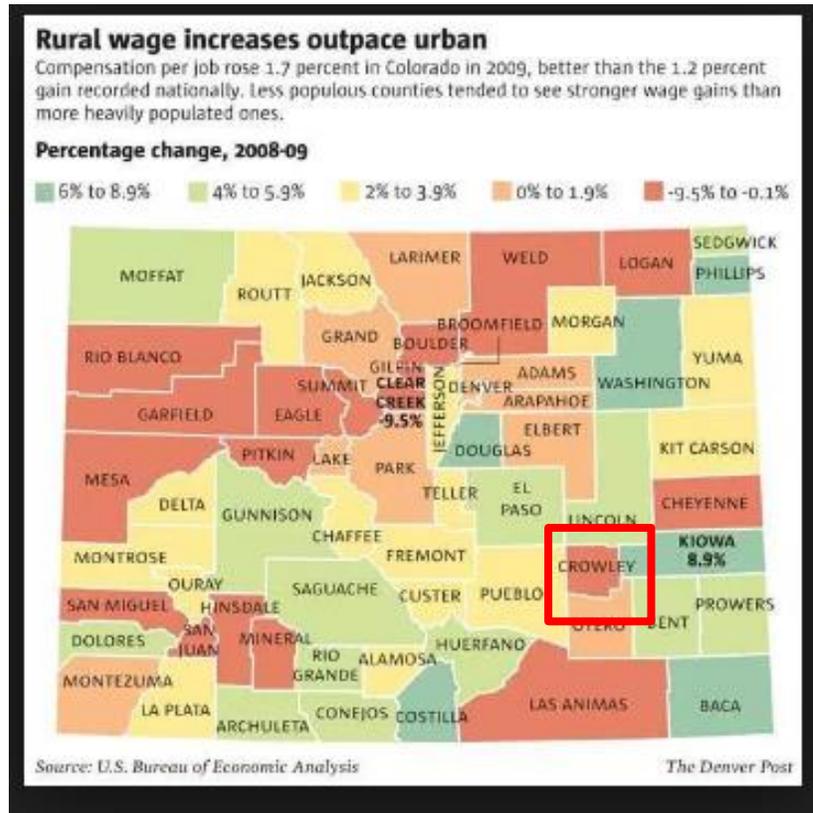


Red Dots = taken out of production via buy & dry
Pink = water rights transitioning (replace in place)
Green = productive farmland

Impacts of Buy-and-Dry: Crowley County, CO



Photo by Jennifer Goodland



.1% to - 9.5% wage growth (2008-2009)

70,000 acre-feet transferred to municipal use for Pueblo and Colorado Springs

50,000 acres reduced to 5,000

Poverty rate: 47.4% (2013-2017)

M&I owns 90% of water Twin Lakes Reservoir (primary Crowley County reservoir)

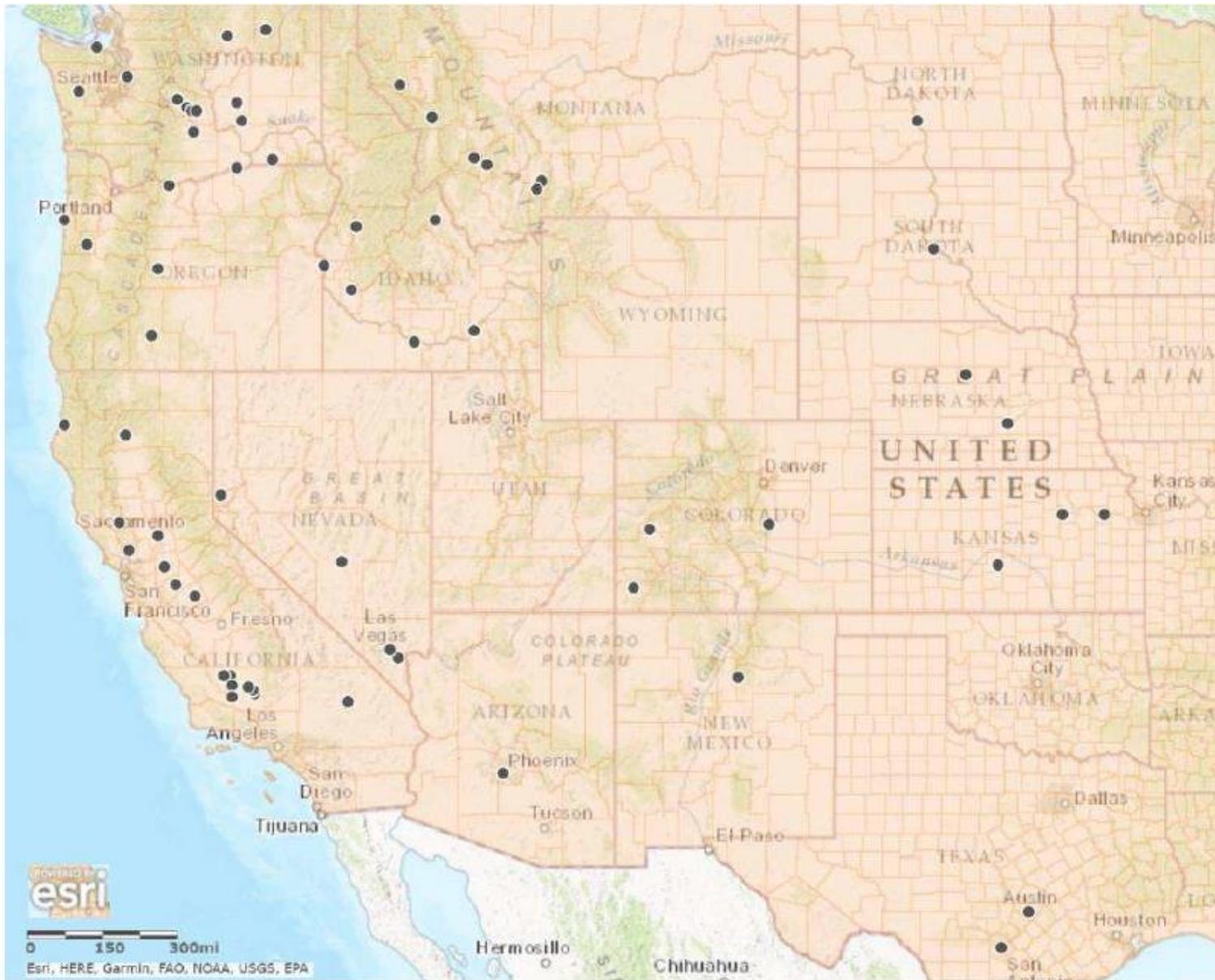
Noxious weeds and dust storms

Water Banking

Voluntary – Temporary – Local

Utah Water Banking Concept

Addressing the Need for a Flexible Alternative



Source: Sarah Brennan, *A Review of Water Banking in State Legislation of the Western United States*, 9 (Sept. 17, 2017), available at: https://ir.library.oregonstate.edu/concern/graduate_thesis_or_dissertations/08612t57r

Figure 1: Map of self-identified water banks in the western, continental United States with an overlay of U.S. counties.

Why We Are Here?

Voluntary – Temporary – Local

To better support Utah's growing water demands, water banking could facilitate local, voluntary, and temporary transfers of water that generate income for water right owners and increase access to water.

How We Got to Today: Multiple Threads Leading to Water Banking

- 2017 Sen Iwamoto Instream Flow Bill
- Ag. Optimization Working Group
- Central Utah Water Conservancy District Bonneville Bank efforts
- Governors Water Strategy Report
- Water Banking Working Group Meetings
- Senate Joint Resolution 1 (2019)
- \$400,000 Water Banking Appropriation
- 2019 BOR WaterSMART Water Marketing Grant (\$400,000)
- DRAFT Legislation



Reclamation makes up to \$3 million available for 2019 Water Marketing Strategy Grants funding opportunity



The 2019 Water Marketing Strategy Grants funding opportunity is now available from the Bureau of Reclamation. This funding opportunity is available to water entities to establish or expand water markets or water marketing activities. Reclamation will make available up to \$200,000 for simple projects that can be completed within two years and up to \$400,000 for more complex projects that can be completed in three years. Up to \$3 million is available for this funding opportunity. [Read More →](#)

DRAFT Legislation Key Concepts

1) Defines Objectives of Water Banking Act:

(1) Promote:

(a) the optimal use of the public's water;

b) transparency and access to water markets;

(c) temporary, flexible, and low cost water transactions between water users; and

(d) Utah's agricultural economy by providing access to water resources and income for Utah's agricultural industry; and

(2) Facilitate:

(a) robust and sustainable agricultural production while meeting growing municipal and industrial water demands, such as following arrangements;

(b) water quality standards;

(c) water rights administration and distribution; and

(d) a healthy and resilient natural environment.

DRAFT Legislation Key Concepts

2) Addresses Existing Legal Barriers to Water Marketing

- Creates a central local “market” for water rights
- Banked water is exempt from beneficial use requirements
- Allows banked water to be used for water quality and environmental purposes
- Avenue to recognize existing contracts or gentleman’s agreements that may not fully square with water law

DRAFT Legislation Key Concepts

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DRAFT Legislation Key Concepts

3) Process for Setting Up Banks (Statutory and Contract)

Robust application process that lists criteria local water users must consider before submitting Water Bank Application

- Governing Board
- Leasing type and Practices
- Pricing
- Service Area
- Grievance Procedures

DRAFT Legislation Key Concepts

- 4) Annual Reporting, Continual Assessments, and Sunset**
 - Banks have annual reporting requirements to Board
 - Annual Reporting Requirements to Interim Natural Resources Committee
 - WaterSMART Water Marketing Three year Review and State Water Strategy Report
 - Continual assessment and tweaking
 - 10 Year Sunset Period

Proposed Process

DEVELOP WATER BANK LOCALLY

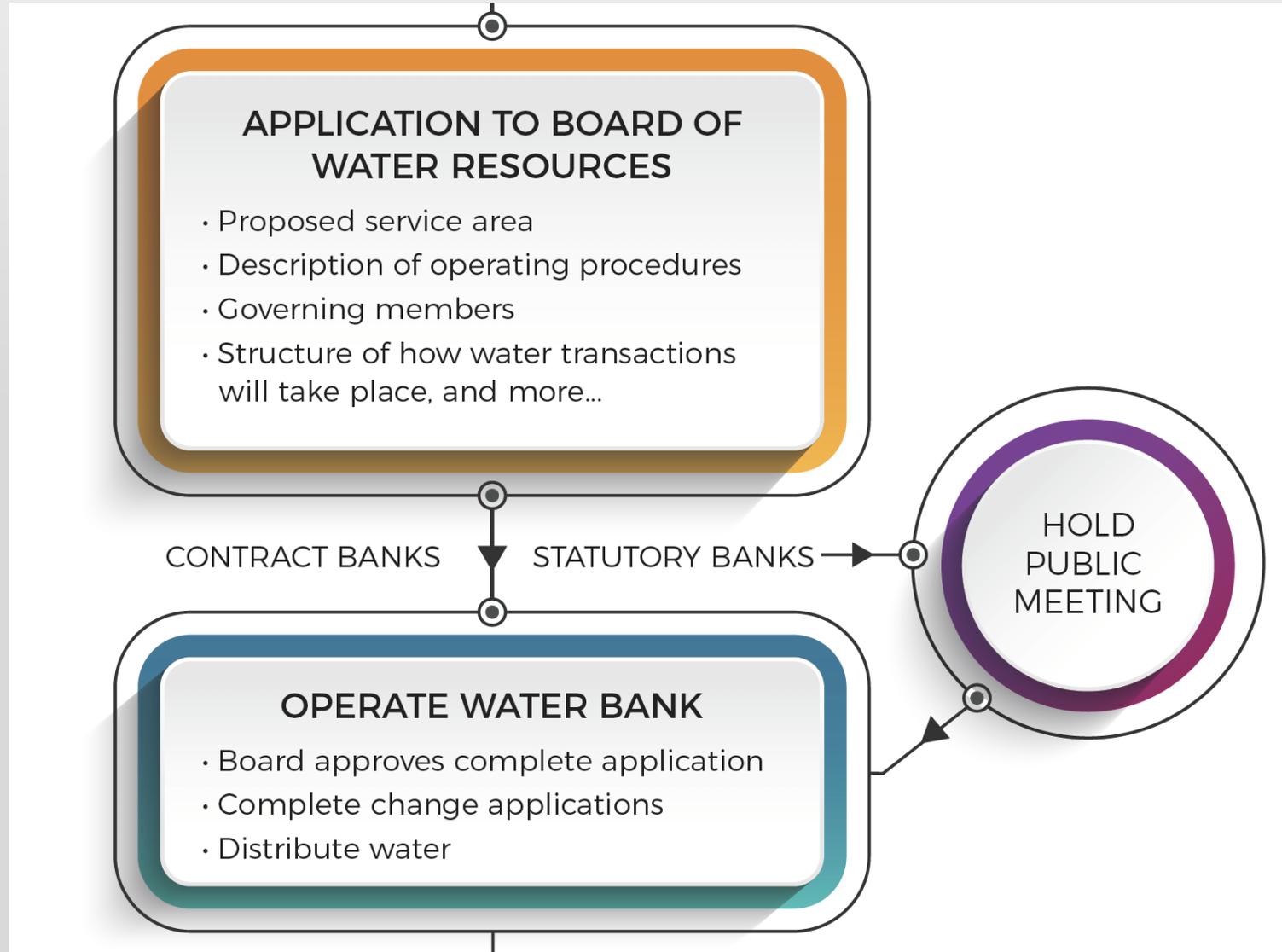
1. Available to local stakeholders and membership
2. Identify purpose and type of water bank
3. Organize Water Bank

CONTRACT BANKS

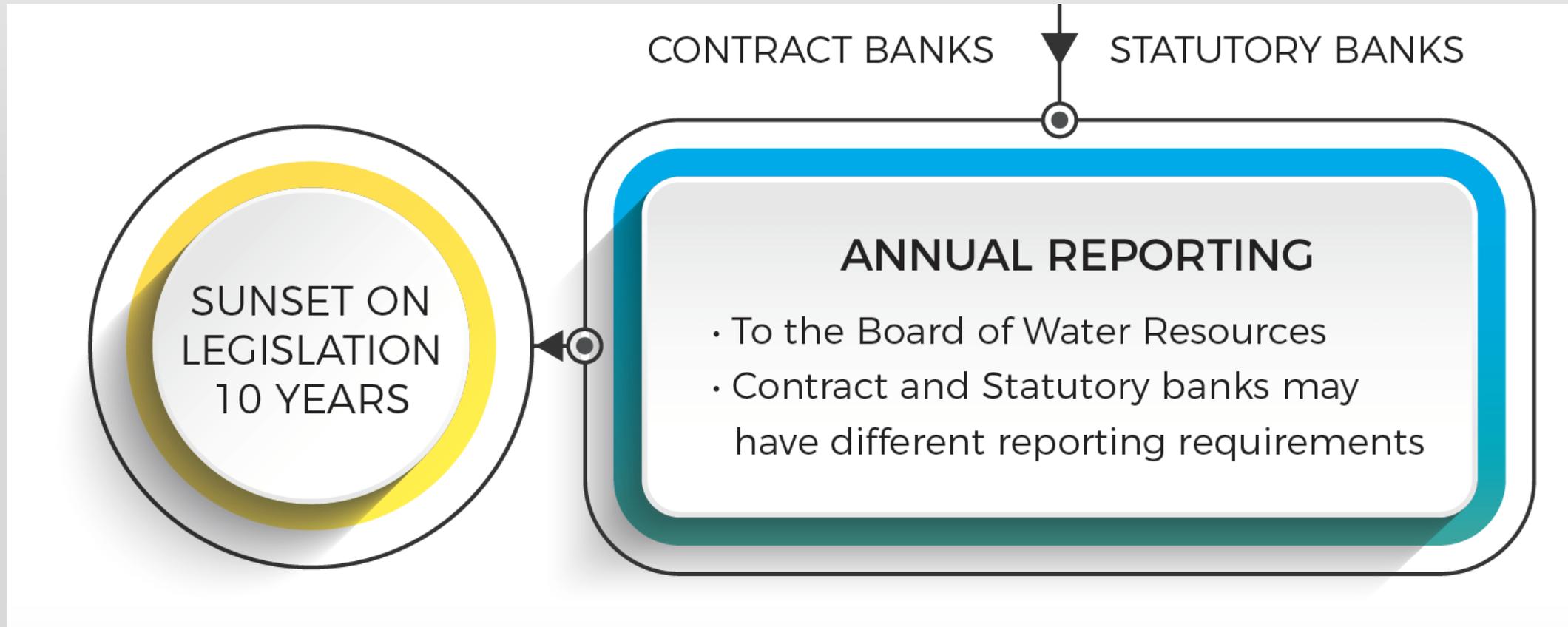


STATUTORY BANKS

Proposed Process



Proposed Process



Demonstration Projects

- WaterSMART \$\$ and State Appropriation intended to support 3 Demonstration Projects
- Fund Project Manager
- Work with local water users on Bank Application
- Support to assist with creation of water banks
 - 1) Cache Valley Area; 2) Snyderville Basin; 3) Price Area

Thoughts for Moving Forward

VOLUNTARY – TEMPORARY – LOCAL

Not a panacea:

Water banking just one tool we will need to preserve agriculture and create greater access to water

Slow and Steady:

Taking our time to get this right – term legislation; demonstration projects; built in assessment

Consensus:

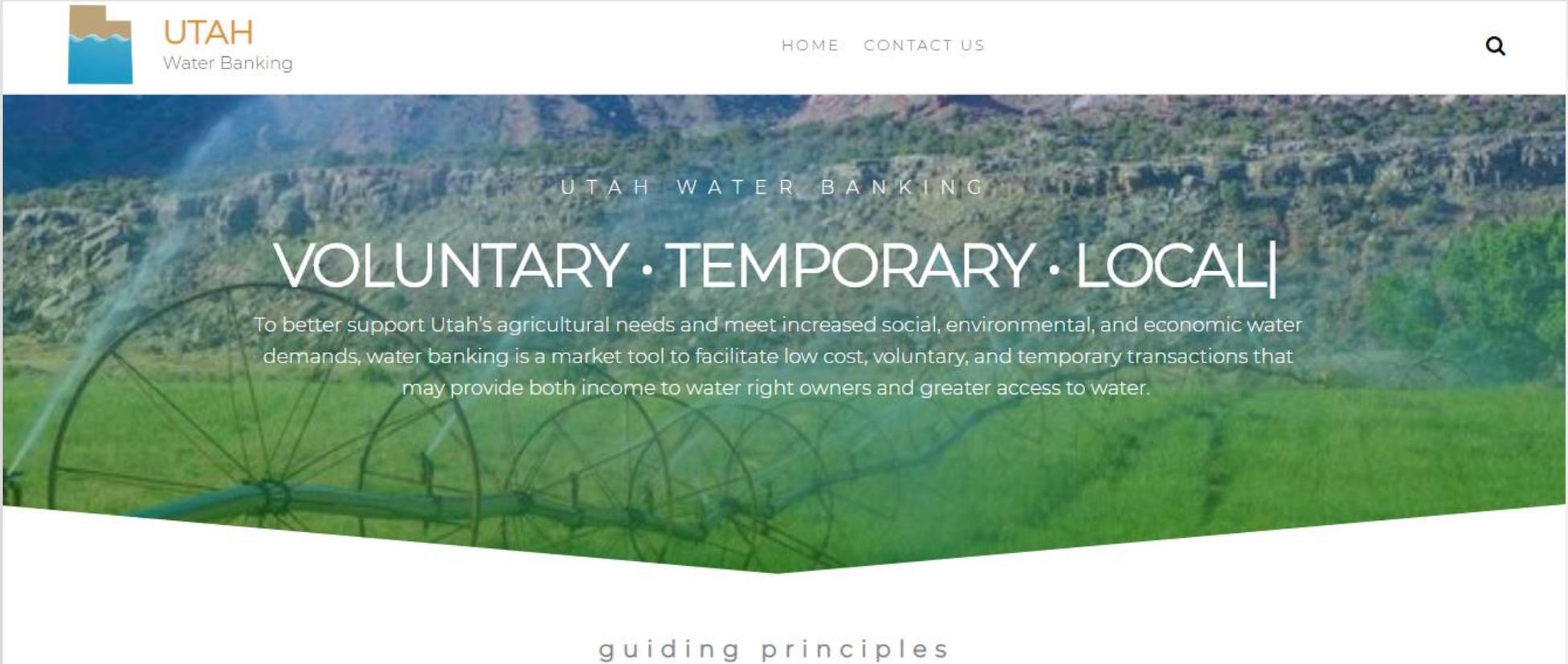
Designing a concept that is based on input and needs of the broader water community

Exciting:

Opportunity to be innovative and impactful

Next Steps:

We want to hear from you!



The image shows a screenshot of the Utah Water Banking website. The header includes the Utah Water Banking logo on the left, navigation links for 'HOME' and 'CONTACT US' in the center, and a search icon on the right. The main content area features a large background image of a green field with a large metal wheel irrigation system. Overlaid on this image is the text 'UTAH WATER BANKING' in a small, spaced-out font, followed by 'VOLUNTARY • TEMPORARY • LOCAL' in a larger, bold font. Below this, a paragraph explains that water banking is a market tool to facilitate low-cost, voluntary, and temporary transactions that provide income to water right owners and greater access to water. At the bottom of the main content area, the text 'guiding principles' is displayed in a small, lowercase font.

UTAH
Water Banking

HOME CONTACT US

UTAH WATER BANKING

VOLUNTARY • TEMPORARY • LOCAL

To better support Utah's agricultural needs and meet increased social, environmental, and economic water demands, water banking is a market tool to facilitate low cost, voluntary, and temporary transactions that may provide both income to water right owners and greater access to water.

guiding principles

info@utahwaterbank.org

Next Steps:

Survey

<https://www.surveymonkey.com/r/UtahWaterBank>



UTAH
Water Banking

Feedback Form and Opportunity to Comment

The State of Utah is exploring water banking as a potential way to better support Utah's agricultural needs and meet increased social, environmental, and economic water demands. Water banking is a market tool used to facilitate voluntary and temporary transactions that may provide both income to water right owners and greater water access flexibility.

Your feedback is essential in this process. Please let us know what you think!

OK

Water Banking

Voluntary – Temporary – Local

Frequently Asked Questions