



Water Banking: A local solution for uncertain times

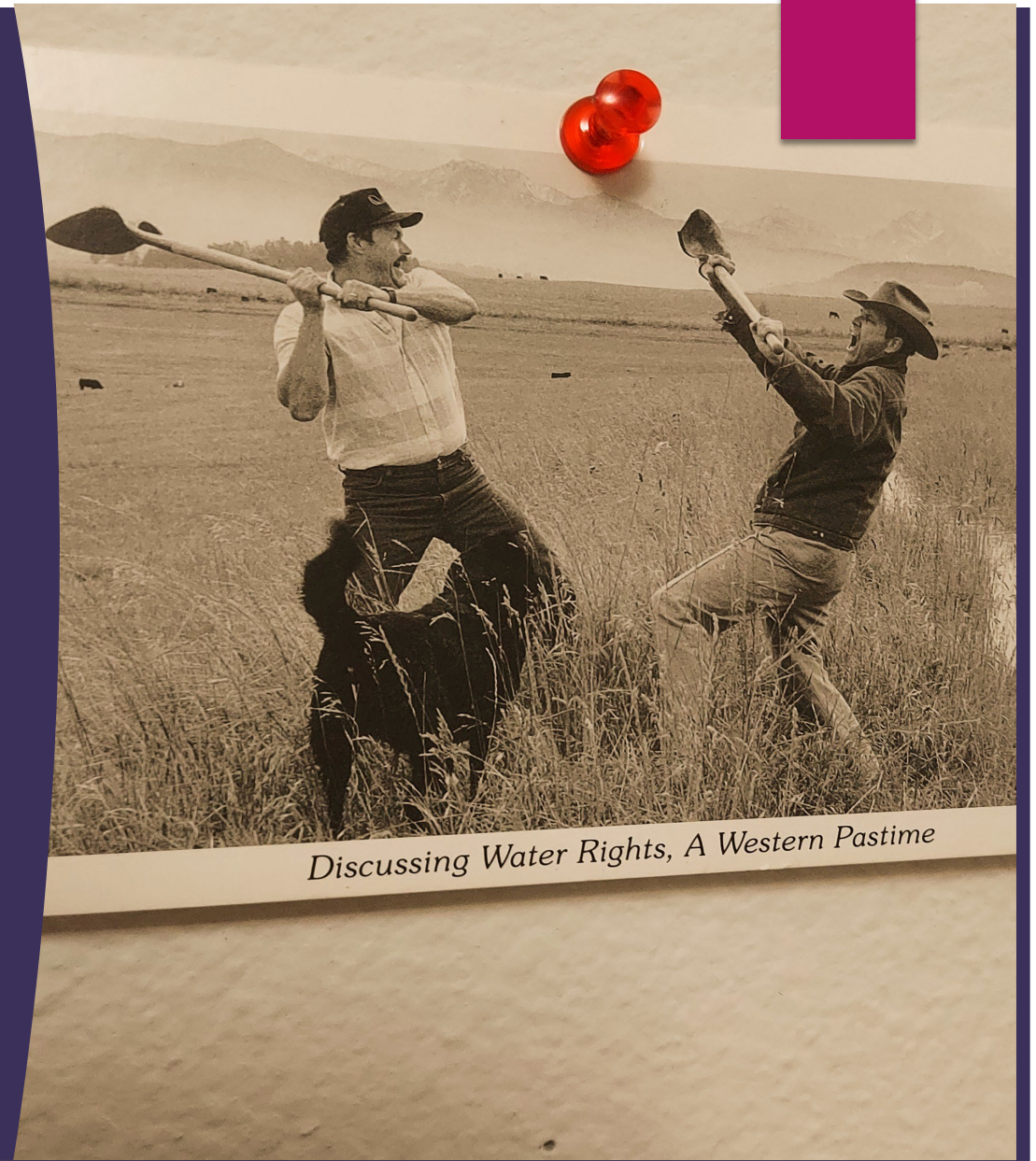
PERSPECTIVES FROM OKANOGAN
COUNTY

Lorah Super October 6, 2021



Discussion Overview

- ◆ Geographic Orientation: Okanogan County watersheds and “Headwater Counties”
- ◆ How We Got Here Part 1: Out of Basin Water Right Transfers
- ◆ How We Got Here Part 2: Overallocation, drought and climate impacts
- ◆ Water banking: A solution to multiple challenges
- ◆ Current progress and hopes for the future
- ◆ Q&A



Okanogan County in a NUTSHELL

- ◆ High desert
- ◆ Vibrant agriculture
- ◆ High fire danger
- ◆ Already experiencing low flows
- ◆ Impacts of climate change will exacerbate
- ◆ No upstream source of water rights for Methow, Okanogan basins
- ◆ Explosive recent growth
- ◆ Water Rights Speculation and Commodity Markets

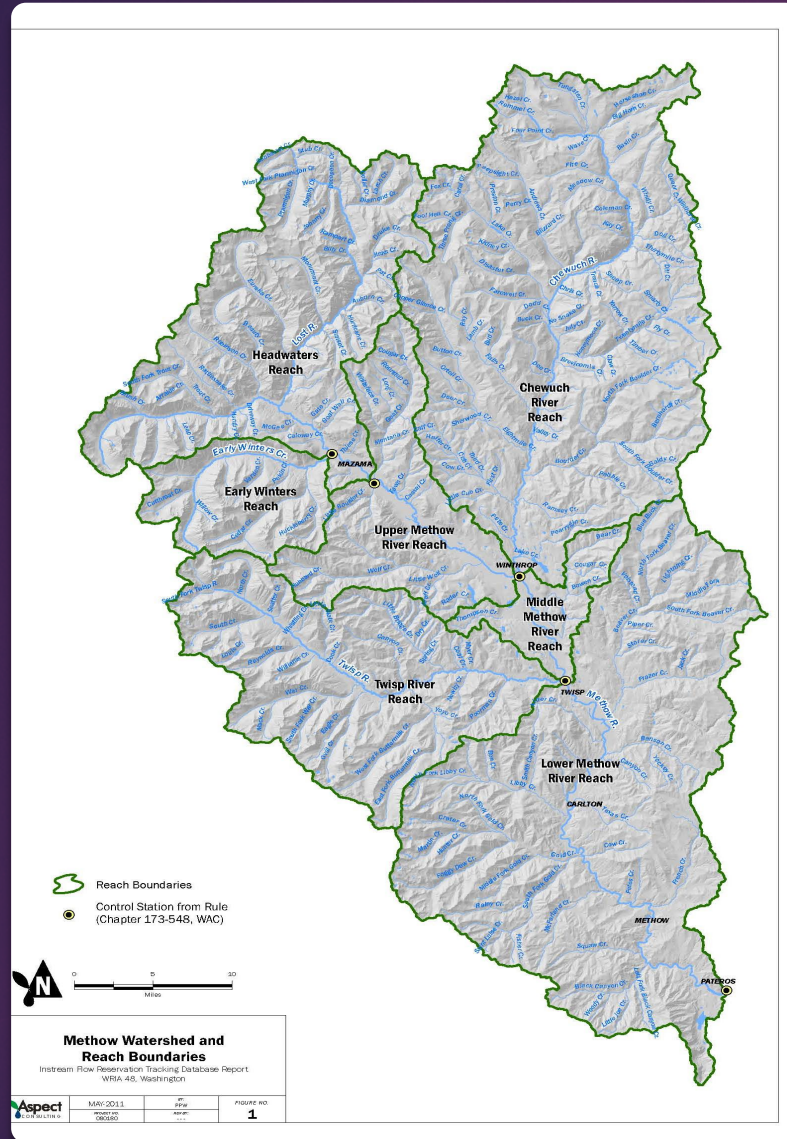




WRIA 49 Okanogan Watershed

Okanogan Watershed (WRIA 49)

Methow Valley Watershed (WRIA 48)





What Water Means to Okanogan County

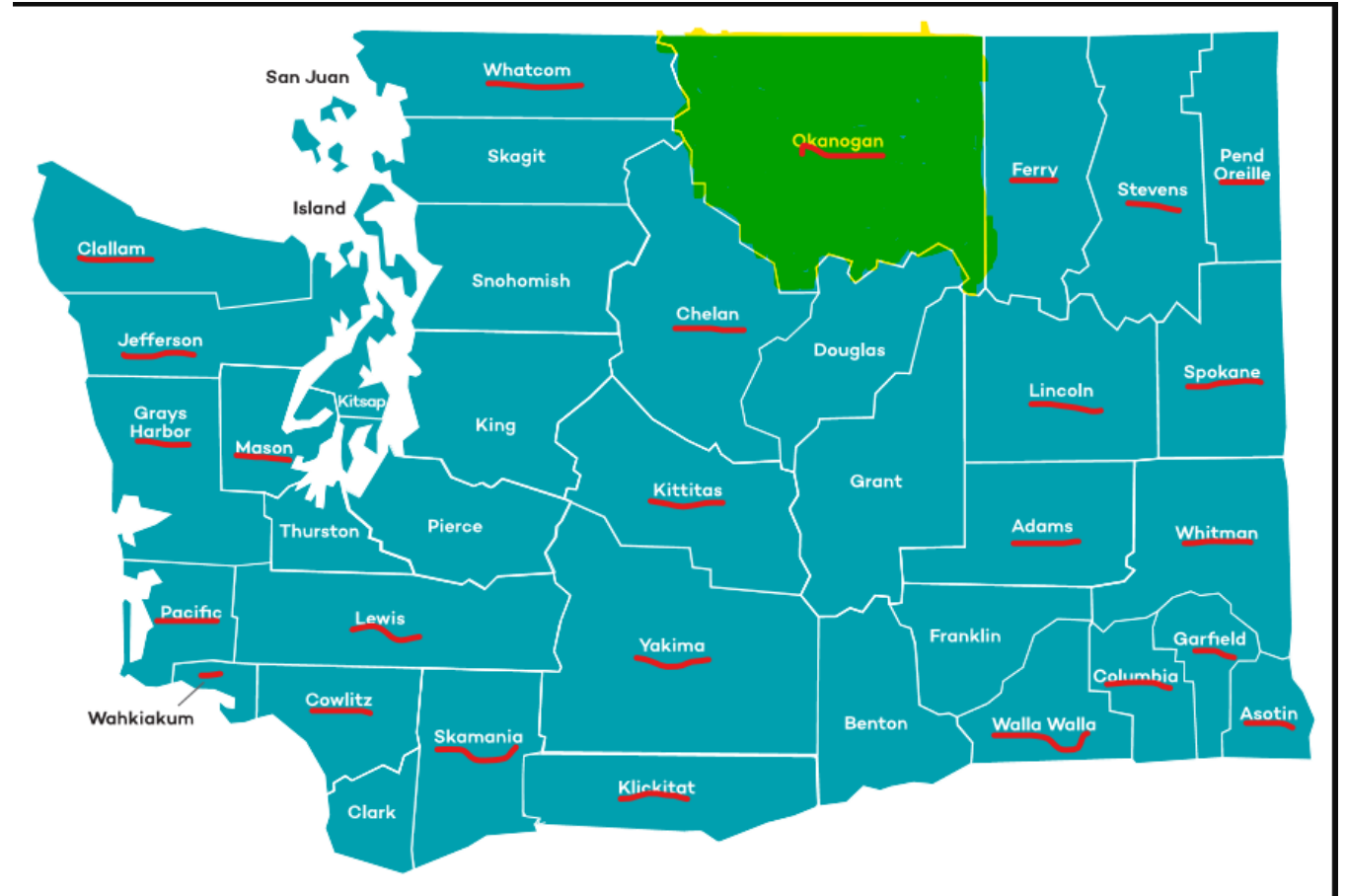
- ◆ Agriculture and self-sufficiency
- ◆ Fish and Wildlife survival
- ◆ Healthy sustainable economies
- ◆ Fire Protection
- ◆ Climate Resilience

How We Got Here Part 1: Out of Basin Water Rights Transfers

- ◆ Scarce water is becoming a commodity in the West
- ◆ Water is a Public Resource, treated as a private property right.
- ◆ Communities are invested in keeping and using their water
- ◆ Wall Street-backed firm is looking to profit on scarcity for investors
- ◆ Upstream basins are especially vulnerable
 - ◆ No upstream rights available
 - ◆ Most valuable water in the state
 - ◆ Can't get it back
 - ◆ Economically disadvantaged compared to areas where demand is strong

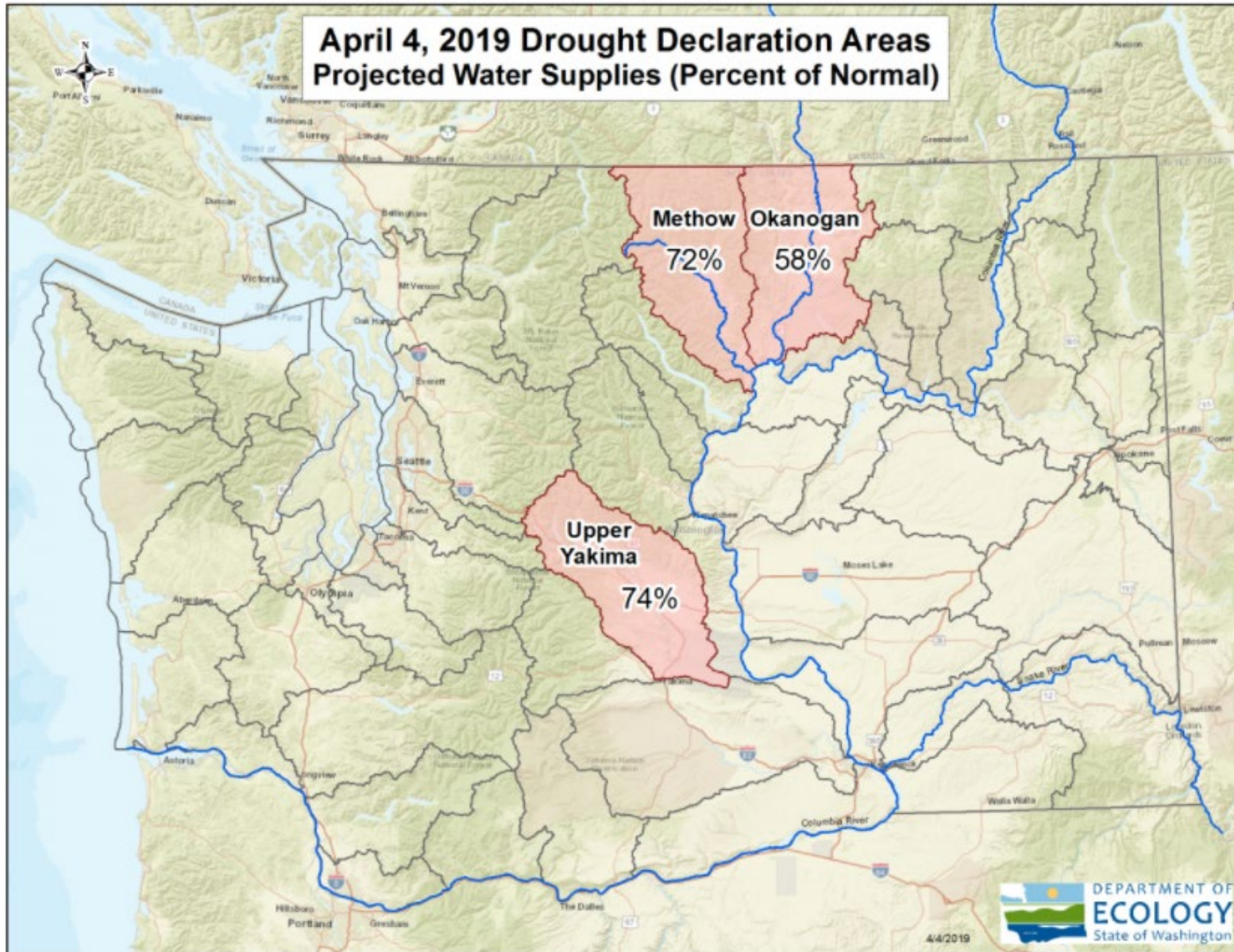
“HEADWATER R BASINS”

- ◆ Where water flows away and downstream to other areas
- ◆ Communities in Headwater Basin counties are increasingly concerned with the potential impacts of large water right transfers that move water rights far downstream and out of the basin.
- ◆ After water is transferred downstream, it is difficult to transfer back to a headwater county in the future.



Consequences of out-of-WRIA transfers: When it's gone, it's gone!

- ◆ Permanent loss of water for agriculture.
- ◆ No upstream water to fill the void.
- ◆ Upstream transfers problematic:
 - ◆ impairment issues
 - ◆ too costly to buy downstream water
- ◆ Current reality: once a water right is transferred out of the watershed it is gone for good.



How We Got Here Part 2:
Overallocation,
drought and
Climate
impacts

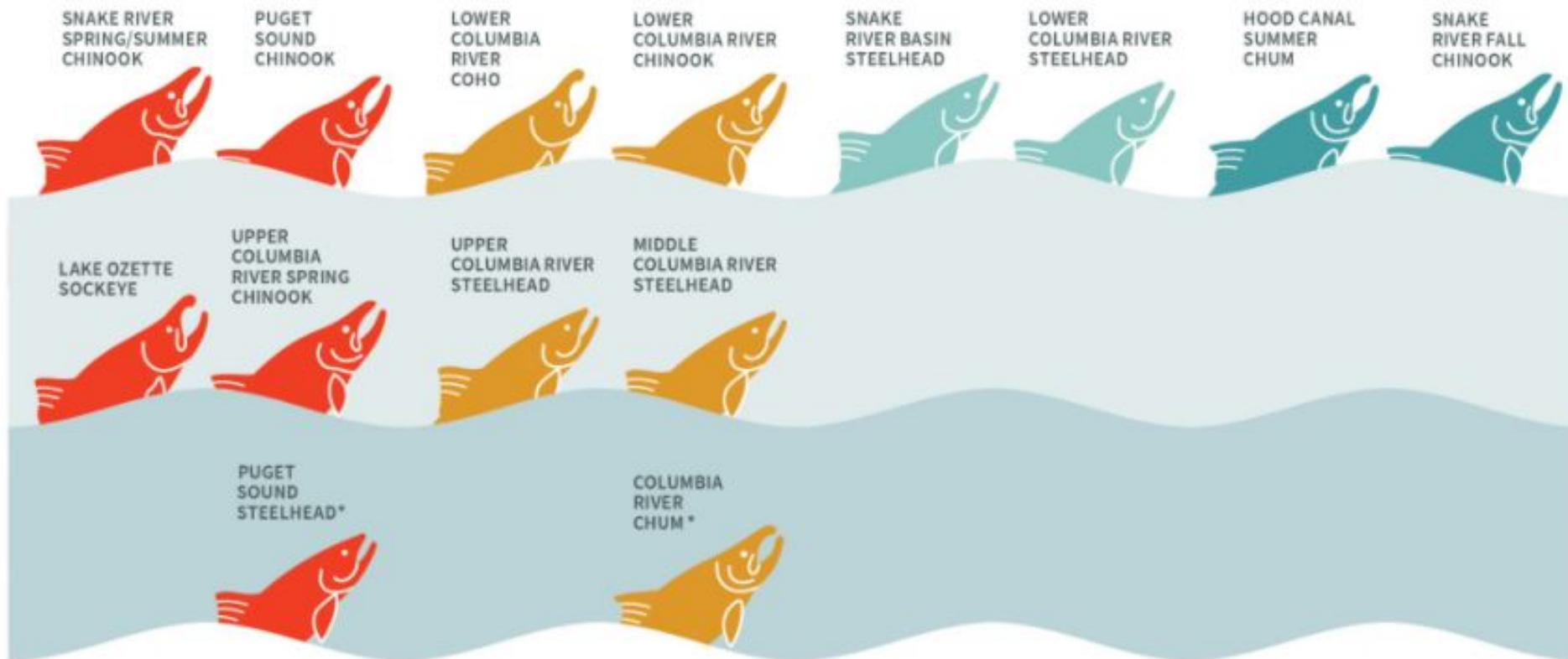
Impacts of climate change on mountain snowpack

Reduced Volume, changed timing

- ◆ Methow watershed predicted changes from 1980's:
 - ◆ April snowpack -21% in 2040's -46% in 2080's
 - ◆ Length of snow season -21 days -47 days
- ◆ More rain than snow and earlier runoff will lead to more water shortages during the late summer and fall months

(UW Climate Impacts Group)

Salmon Abundance



* Lacks complete data

Source:

TOTAL MARKET HIGHLIGHTS

312
TOTAL
TRANSACTIONS

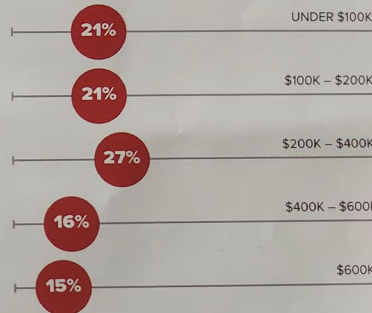
147
VACANT LAND
TRANSACTIONS

158
SINGLE FAMILY
TRANSACTIONS

SALES DISTRIBUTION BY SEGMENT



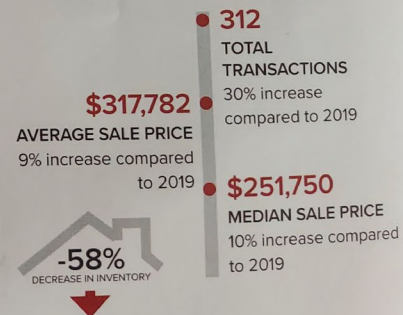
SALES DISTRIBUTION BY PRICE



The Methow Valley Real Estate Market – A Record Breaking Year

The popularity of living in the Methow Valley has never been greater. The trend that started in the second quarter of 2020, the exodus from the cities to locations with the open space and safety, ramped up substantially pushing demand for local real estate to new heights.

According to the data collected from the Northwest Multiple Listing Service (MLS) along with proprietary off-market data, the overall Total Sales Volume for 2020 increased 40% over 2019, and 29% over 2018. **A 30% increase in the number of sales in 2020 along with a 10% increase in the median sales price.** Total sales included **312 transactions** producing **\$198M** in total dollar volume. Overall active listings at the time of this report are down 58%, confirming the lack of available inventory and increased demand will continue into 2021. As the pandemic continues to impact ways of life, it is clear that many people are discovering the incredible **quality-of-life the Methow Valley affords its residents.**



*All statistics are supplied by sources that have been deemed reliable but are not guaranteed. The statistics used in this report are from the Northwest Multiple Listing Service (NWMLS).
*Statistics are cumulative. This report does not go into detail on every segment of the market, but is intended to offer an overview of general market conditions.

2020-21:

Explosion of Growth

Interruptible water rights feel the pinch

- ◆ **62 water rights** in the Methow River basin are subject to the minimum instream flows described in Chapter 173-548 WAC.
- ◆ Most of the interruptible water rights are for irrigation.
- ◆ Total number of irrigated acres authorized in these interruptible water right permits and certificates is 1,431.75 acres.
- ◆ Since 2001, Ecology has sent curtailment letters in 12 years.

Escalating water concerns and conflicts



Watershed subdivision moratorium expanded after Ecology ruling

Exception policy deemed unlawful

BY MARCY STAMPER

The Okanogan County commissioners have expanded the ban on subdivisions in the Methow watershed, eliminating an exception that had allowed people to create a new building lot from a parcel with an existing house on it.

The commissioners unanimously adopted the ordinance on Jan. 26.

The commissioners eliminated the exception after receiving a legal opinion in January on water law and the Methow Rule, which allocates a limited amount of water for specific uses. Last year, the county asked the state Department of Ecology for its interpretation of rules governing wells for what's called single-domestic use, which allows withdrawal of 5,000 gallons of water for a house, livestock and a half-acre garden.

The opinion by state Assistant Attorney General Alan Reichman, who handles matters for Ecology, found that the county's policy allowing division of a parcel to construct with one existing home is not lawful and an additional home is not lawful because it creates group-domestic

Okanogan County sues Ecology over water, land-use directives

Seeks clarity on issuing new building permits

BY MARCY STAMPER

Okanogan County has filed a lawsuit against the state Department of Ecology, contending the agency's interpretation of water laws prevents the county from exercising its authority to approve building permits and subdivisions, creating uncertainty and risk for the county and its residents.

The Okanogan County commissioners approved the legal action on Wednesday (Feb. 10), with commissioners Andy Hover and Jim DeTro in favor and Commissioner Chris Branch voting "no." The complaint was filed in Okanogan County Superior Court on Friday (Feb. 12).

The county is seeking a declaratory judgment on two issues.

- Whether the county's policy of allowing property owners to divide a lot with an existing house and well, to create one new lot for one additional house supplied by its own well—what the complaint terms the "Two-lot Subdivision Exception"—is lawful.
- Whether the hundreds of lots in the county created after a 2002 Washington Supreme Court ruling are each entitled to their own well to supply a house.

At issue is the definition of subdivision.

See COUNTY 1

Some salmonids face extinction

OLYMPIA — Many of Washington's salmon populations still are on the brink of extinction, according to a new report from the Governor's Salmon Recovery Office.

Without drastic changes to how Washington addresses climate change and population growth, those salmon may not survive, according to the report.

"State of Salmon in Watersheds" shows that 10 of the 14 species of salmon and steelhead in Washington listed as threatened or endangered under the federal Endangered Species Act are not making progress. Of those, five are in crisis.

"We have come a long way in addressing the factors killing salmon," said Erik Neatherlin, the

during droughts.

- Improve fish passage by removing barriers to migration and re-introduce salmon to places above dams where they've been blocked.
- Support the governor's commitment to work with Indian tribes in Washington to establish a statewide standard for protecting fully functioning and healthy land along streams and rivers (riparian habitat) for salmon.
- Fully fund salmon recovery, which currently receives only 22 percent of the estimated need.

The report also highlights accomplishments made in the past 20 years.

Each region of the state is discussed in the report. For the lower Columbia region, which

will not achieve recovery.

- The region works to make the latest science and data readily available to project sponsors and regional partners to increase shared understanding.

Regional populations generally have improved since ESA listing, the report said. The region has completed 510 habitat restoration and project projects, creating nearly \$300 million in economic activity and nearly 2,000 jobs since 1999.

Partners have restored more than 100 miles of stream habitat, opened more than 300 miles to fish passage and protected at least 5,000 acres of important habitat, the report said.

The report noted that spring Chinook continue to struggle



Division expanded

Commissioner Andy Hover

"I don't understand how an assistant attorney general could be suddenly split when divided," Hover said.

From scratch, he

argue that this ordinance does not



Water banking proposal

Ecology requested feedback on Crown Columbia's proposal last month from more than 160 local, state and federal officials, tribal leaders and other stakeholders from communities in Columbia River basin that would potentially be impacted if the water banking concept were approved.

Wide interest

In an email last week to the same group, Ecology noted the "wide interest" in the application. "We recognize the many issues at stake as we consider all

interest to allow time to work with tribes, counties, cities, legislators, and stakeholders to engage in these policy discussions together, before making a decision on this permit application," Ecology said.

In a letter to Ecology, Okanogan County commissioners expressed "concerns regarding applications for water that complicate the resolution of water-related issues in the Methow Valley."

Okanogan County—and the Methow Valley in particular—has been grappling with issues of both legal and physical access to water for the past couple

Current Water Issues in the Methow and Okanogan

- ◆ Municipal water shortages/limitations
- ◆ Limits on growth due to misalignment between land use planning and water policy
- ◆ Protecting and preserving agricultural lands and economy
- ◆ Instream flow shortfalls/salmonid and aquatic species impacts
- ◆ Drought planning and future water supply to address climate change impacts
- ◆ Concerns about transfers of water out of watersheds

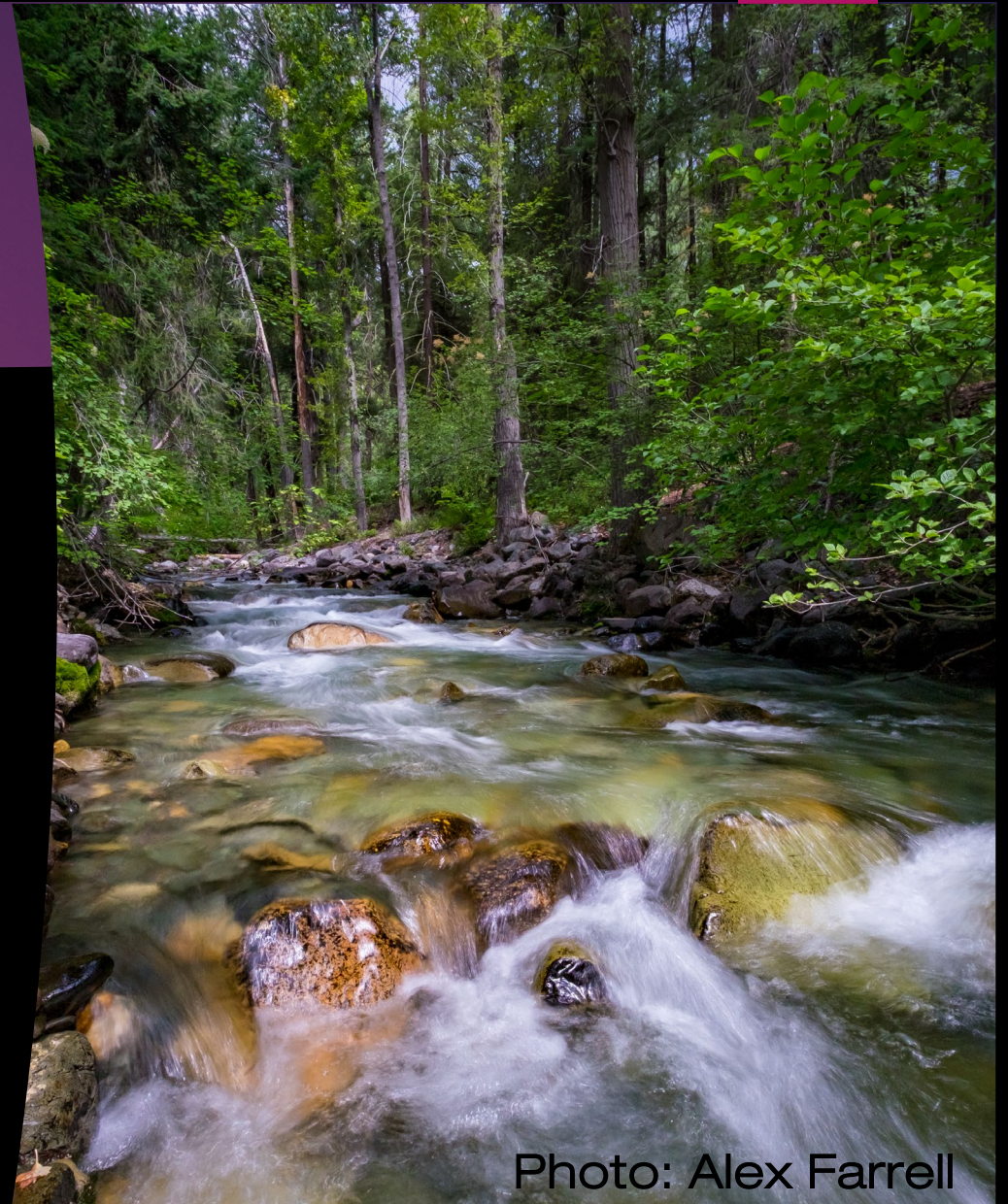


Photo: Alex Farrell



Don Lundgren's family ranch sits next to the Chewuch River. Lundgren hoped to sell water rights to Crown Columbia for potential use beyond the Methow Valley, in the distance. (Steve Ringman / The Seattle Times)

Wall Street spends millions to buy up Washington state water

Oct. 27, 2019 at 6:00 am | Updated Nov. 1, 2019 at 6:48 pm



By [Evan Bush](#) 

Seattle Times staff reporter

WINTHROP, Okanogan County — Follow the water and you'll find the money.

That's how it often works in the dusty rural corners of Washington, where a Wall Street-backed firm is staking an ambitious venture on the state's water.

Crown Columbia Water Resources since 2017 has targeted the water rights of farms on tributaries of the mighty Columbia River.



THE CHALLENGE

How do we keep water in the WRIA to solve today's problems while respecting those farmers who want to sell their water rights - now or in the future?

Photo: Tanja Thomas

How Water Banks work to Keep Water in the watershed

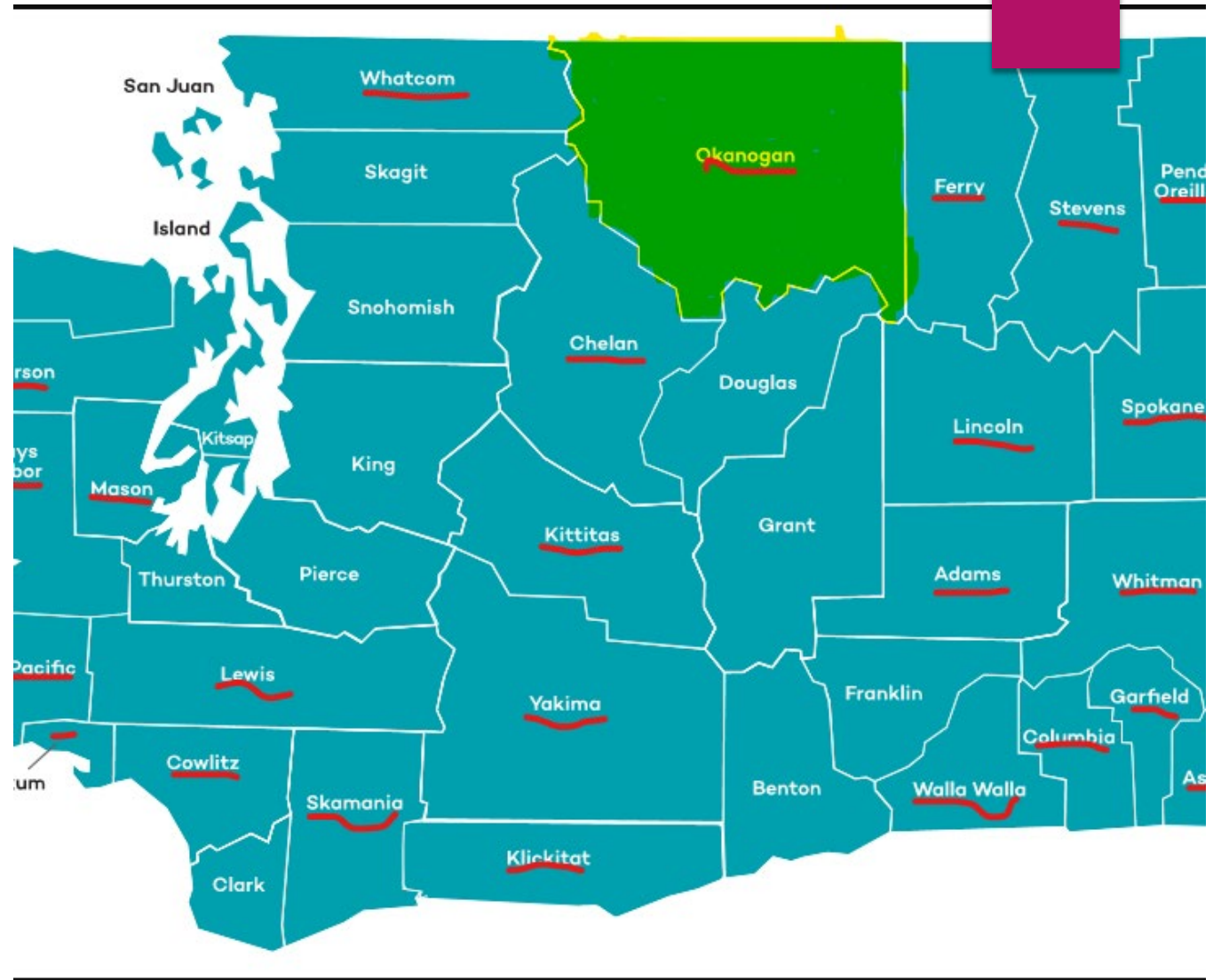
- ◆ Purchase and lease back water rights:
 - ◆ Water bank buys water right from farmer
 - ◆ Leases right back to farmer for use on farm
 - ◆ If/when water no longer used on farm, water available to other farmers in WRIA
- ◆ Purchase right outright and sell/lease whole or in part to others in WRIA
- ◆ Rights are protected from relinquishment by the Bank, using the Trust Water Rights program.

Water Banking: A Local Solution?

- ◆ Incentive to prevent out-of-WRIA water right transfers
- ◆ Provide options for farmers to sell/lease water within the WRIA via a local agricultural water bank
- ◆ Provide mitigation to offset growth
- ◆ Keep water in-stream when not in use and during droughts

2021: WA State Funds development of local water banks

- ◆ \$14 Million for 28 eligible “Headwater” Counties in WA State
- ◆ \$125,000 to WSCC for “Okanogan Ag Water Bank” via Okanogan CD
- ◆ Broad Community Support
- ◆ Water Right Holders are interested
- ◆ MOUs in the works



Questions?

