

Western Water Market

July 7, 2020

Thank you for the opportunity to participate in the advisory group on water trust, banking, and transfers, and for the opportunity to review and comment on Ecology's draft findings and potential policy tools document for meeting 5.

I understand and have shared concerns regarding out of basin transfers, out of state investors, and potential market monopolies. Learning new information through participating in the advisory group meetings has allayed many of my biggest fears and has affirmed my concern that increased regulations could perhaps do more harm than good.

I strongly feel the greatest threat we face is the esoteric water market that largely has and continues to persist. I don't believe we need increased regulation, including closed basins (P.1.2); I believe we need a more open, publicly accessible market that helps connect water right buyers and sellers locally – like what westernwatermarket.com now offers.

(See <https://westernwatermarket.com/news/new-tool-less-regulation>)

Reducing barriers for local transfers, coupled with the ability to more easily move water rights back upstream (as suggested under P.1.3), from my perspective, address many, if not most of the concerns that prompted this year's legislative activity -- without major, potential implications from increased regulation and government spending.

To compete financially with out of basin buyers and out of state investors, I think there are creative solutions that could create competitive offers. For example, two or more local buyers could be combined to increase the offer price and to achieve multiple local benefits, while reducing transaction costs. Non-profits, conservation districts, and others could help facilitate these connections, utilizing Western Water Market as a tool and resource.

Specific comments on Potential Policy Tool P.1.1:

Potential policy tool P.1.1 is concerning and doesn't make a lot of sense to me, especially as proposed. If the goal is to help keep water rights local and in agriculture, shouldn't local, private property owners be the ones who are given the right of first refusal?

Why would we put the financial and political burden on taxpayers and local governments to acquire water rights, who then have to determine a fair and cost-effective approach for re-selling or leasing them back to the public locally? The potential political pressure the state and local governments would feel to "save" the water rights from being transferred out of basin would be horrendous and would likely lead to very public and costly bidding wars and legal battles.

Some advisory group participants have suggested that non-profit organizations should also be

given a first right of refusal. If non-profits are interested in developing agricultural water banks, they have the expertise and ability to do that now. If funding is an issue, there are likely many private funding sources that would gladly support and invest in the agricultural water market either through grants, donations, or as a traditional investor.

I don't believe its fiscally responsible to use taxpayer dollars to fund local governments and non-profit organizations' ability to acquire water rights for agricultural purposes when the private market can, should, and does facilitate this now.

Again, creating and supporting a more active and accessible local market is key to increasing the local exchange of water rights.

Further, if the purpose, in part, is to provide local governments and non-profits a right of first refusal so they can acquire water rights for instream flow purposes, this seems even more illogical. It doesn't matter if a private, out of state investor acquires water rights for downstream agricultural purposes to be held in trust for 25 years or a non-profit acquires water rights for instream flow, the impact (and benefits) are the same to the local economy and instream flows.

There are robust, public funding sources currently appropriated and being utilized by local governments and non-profits to acquire water rights for instream flow and mitigation. Let's continue to support these outreach and acquisition efforts to ensure local water supply needs are met well into the future.

The private sector has provided critical solutions and continues to offer tremendous opportunities. Perhaps we should be looking to them more and more as potential partners, rather than as threats. When we work together, in a more open and efficient market, I believe that's when we'll be able to solve our greatest challenges.

Thank you for your time and consideration.

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