



Our Water. Our Future. Our Choice.

The purposes of the District include planning for and facilitating the long-term conservation, development, protection, distribution, management and stabilization of water rights and water supplies for domestic, irrigation, power, manufacturing, municipal, recreational and other beneficial uses, including the natural stream environment, in a cost-effective way to meet the needs of the residents and growing population of Cache County.

www.cachewaterdistrict.com

CACHE WATER DISTRICT BOARD OF TRUSTEES MEETING MINUTES

August 3, 2020

The Cache Water District Board of Trustees convened for a regular meeting on August 3, 2020, via electronic format due to COVID-19 meeting restrictions.

MEMBERS OF THE BOARD IN ATTENDANCE:

Jonathan W. Hardman – South Council District
Max Pierce – North Council District
Kirt Lindley – At-Large Position
Jeannie F. Simmonds – Logan #1 Council District
Scott Clark - Logan #2 Council District
David Erickson – At-Large Position
Jared Clawson – At-Large Position
Shaun Dustin – Southeast Council District

MEMBERS OF THE BOARD ABSENT:

Bret Randall – Northeast Council District
Don Baldwin – Agricultural Representative
Herm Olsen – Logan #3 Council District

OTHERS IN ATTENDANCE:

Nathan Daus (Manager), Chad Brown, Wayne Wurtsbaugh, Mike Wilson, Chris Slater, Jim DeRito, S. Archibald, Ann Neville, Eric Franson, Debbie Zilles

CALL TO ORDER

The meeting was called to order by Chairman Hardman at 5:41 p.m.
Consideration for the minutes from July 6, 2020, and agenda for August 3, 2020

ACTION: Motion by Mr. Erickson to approve the agenda and the minutes as submitted. Seconded by Mr. Pierce. The motion was approved unanimously.

PUBLIC COMMENT

None

FINANCIAL REPORT

Ms. Simmonds does not have the bank statement; she will send the report out by the end of the week.

CALENDAR EVENTS

August 6, 2020 – Logan River Task Force 1:00-4:00 p.m.

Water Users Fall Conference is canceled.

MANAGER'S REPORT

Update on PL-566 Applications

Crockett Avenue Pressurized Irrigation Project – working on the paperwork with NRCS to get the contract finalized. The RFQ and the Statement of Work has been sent out to several engineering firms (deadline is the second week of September) to help with the Environmental Assessment. The Crockett website is crockettpi.com and information can also be linked from the District's website.

Wellsville/Mendon Project – The deadline to submit to the national office is August 14. Mr. Daugs and Mr. Hardman met with NRCS two weeks ago to find out what was needed to update the application; JUB and Franson Engineers are working on the update for resubmittal. The State will pre-screen all applications and submit 3-4 to the National office.

Mr. Daugs has met, and will meet again next week, with the new firm working on the Slow the Flow campaign.

The extension intern for the summer water check program will be providing a report next month.

The Great Salt Lake Advisory Committee report is now available. Ann Neville will email the report to Mr. Daugs, who will then forward it to all members.

APO REPORTS

Mr. Clark highlighted the discussion from last month on Water Banking. The District is in a unique situation to have the ability to protect water rights in Cache Valley, which is one of the reasons the District was created. The District can hold water rights for the future beneficial use of the public; part of that concept is the District must own, or have an interest in, rights (i.e. manage or run small secondary systems). Education is a key component. Ms. Simmonds said that is a critical element because one of the District's mandates is to preserve and protect water rights in Cache Valley. Mr. Pierce said one concern is making sure rights are put to beneficial use. Mr. Clark said one possibility to consider would be acquiring an option to purchase in the future and/or put in the water bank.

Mr. Clark said one option could be tying small culinary systems together and managing them. A plan will need to be developed and reviewed by legal counsel on how to move forward. Mr. Clark will send a copy of his notes out to members for review and make comments. Mr. Daugs pointed out that this is early in the process and there is still a lot of brainstorming to be done in these initial meetings.

Next month's group meetings will be:
Multi-jurisdictional ASR (S. Clark, B. Randall, S. Dustin)
Cloud Seeding/Other (J. Hardman, S. Clark, H. Olsen)

WATER BANKING PILOT PROGRAM UPDATE

utahwaterbank.org
eeel@clydesnow.com

Emily Lewis, an attorney with Clyde Snow & Sessions provided a presentation.
(see attached slides)

The legislation is intended to advance the Governor's 2017 Recommended Water Strategy, which recommended water banking as a way of providing more flexible water management by facilitating the voluntary and temporary transfer of water for a variety of uses, including but not limited to agriculture uses, municipal uses and environmental needs. (<https://www.envisionutah.org/projects/utah-water-strategy/>)

The State of Utah, through the Division of Water Resources, issued an RFP for a water banking program manager. Over the next three years, various concepts for water banking will be explored in the three demonstration pilot areas (Price, Snyderville Basin, and Cache Valley).

The objective is to explore water marketing options and water banking is one option. It is getting willing buyers and sellers together and streamlining administrative costs.

The pilot program is a 3-year funded project with a \$750,000 budget. Legislation has been drafted and stakeholder outreach has been conducted. The current stage is devising a concept of how to move forward.

Mr. Daugs said moving forward there are three different groups of interested parties to begin discussions with.

Logan River watershed – Quite a few users on the system with multiple diversions where water could be transferred back/forth, and it covers a big area. If the Crockett project moves forward, there will be multiple opportunities to purchase or lease water for multiple uses. Most of the bigger diversions are agricultural uses, many who have expressed interest in how to use and/or move water around differently. Residential users are concerned about how to keep the river wetter during different times of the year.

Blacksmith Fork (mouth of the canyon to confluence with Logan River) – generally dry in the lower section and interest from environmental groups to see water stay in the area and canal users who could potentially manage water differently.

Paradise/Avon/Hyrum (south end) – a bank between a few canal companies to help move water around and lease shares, as well as make use available to more people.

In the next few months, a determination will need to be made as to how to move forward. Ms. Lewis said her preference would be the south end option as funds are limited and it is good to begin simply. The goal is to find projects where there is already interest and then meet with them to determine if there is interest, and if so, what the needs, wants and challenges are before moving forward.

Ms. Lewis said adjudication is going to come to all areas within the state soon. It will be nice to have a way to preserve water rights that do not have an official place of use, so the company and/or shareholders can maintain control of the water rights. Water rights in a bank are exempt from beneficial use requirements and cannot be forfeited. Water rights holders would retain ownership of their water rights. The rights would revert to their prior “heretofore” use when withdrawn from the bank without the need for a change application. Water rights deposited within a bank would also not be subject to abandonment and forfeiture for the period the State Engineer authorizes them to be used within a bank

Chairman Hardman asked about the timeframe. Ms. Lewis said it would be good to begin as soon as possible.

Ms. Lewis explained that the legislation authorizes right holders to create two types of banks:

1. “*Statutory banks*” which would operate as open marketplaces where water rights could be leased and used within a defined service area; and
2. “*Contract banks*” based on option contracts or other voluntary leasing arrangements involving a public water supplier. Notably, many public water suppliers in Utah are already using “contract banks” and the legislation seeks to provide more clarity and transparency for this practice.

Ms. Lewis explained that last year the legislature passed a specific tandem bill with water banking called split season leasing. A water bank will have a defined service area (subject to a contract or under the governing documents of a statutory water bank). Once a bank is approved by the Board, a change application would be filed with the State Engineer. The Engineer will assess how the water right can be used in the service area under varying conditions (i.e. split season leasing).

Water right holders seeking to move a water right into a bank would go through the same change application process that applies to all water rights. This means the State Engineer would review all applications that seek to place a water right into a bank to ensure that they do not impair other rights. It also means that the existing limitations on out-of-basin transfers would apply.

After the State Engineer approves a right for use within a bank, the right could be used for a specified period within the bank’s service area for other uses without the need for another change application. This, of course, would be subject to any limitations imposed by the State Engineer.

Ms. Lewis is available to answer questions and will try and attend the September meeting for follow-up.

ADJOURN

The meeting adjourned at 7:13 p.m.

Next meeting will be held September 14, 2020 (due to Labor Day holiday)

UTAH WATER BANKING & STATE WATER MARKETING STRATEGIES REPORT

Water Banking 3.0: Moving the extensive efforts of the Water Banking Working Group into Demonstration Projects and Drafting a Statewide Water Marketing Strategies Report



ALL ROADS LEAD 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
- SB 26 – Water Banking Amendments (2020)



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](#) →

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.

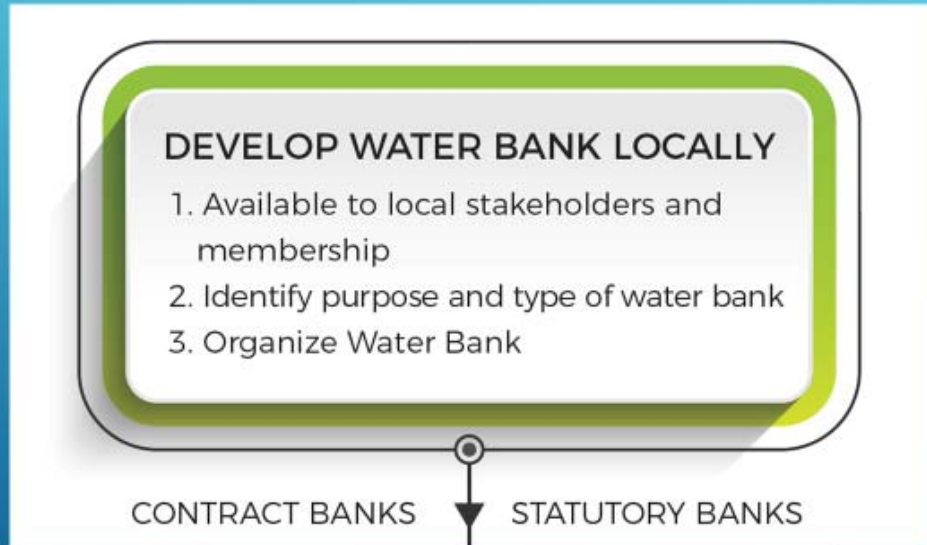
LEGISLATION KEY CONCEPTS

1) Objectives of Water Banking Act:

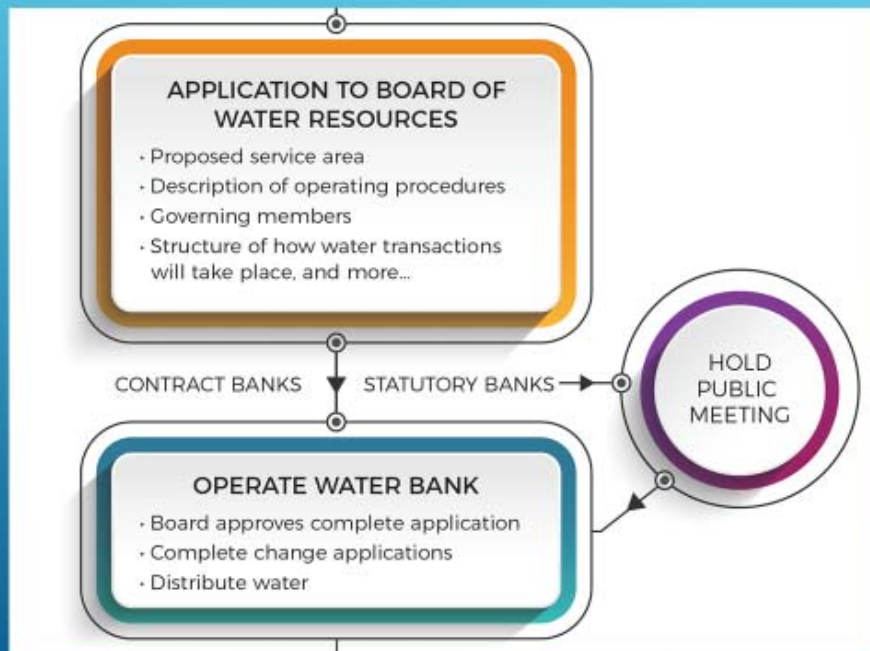
- ▶ (1) Promote:
 - ▶ (a) the optimal use of the public's water;
 - ▶ (b) transparency and access to water markets;
 - ▶ (c) temporary, flexible, and low cost water transactions between water users; and
 - ▶ (d) Utah's agricultural economy by providing access to water resources and income for Utah's 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.

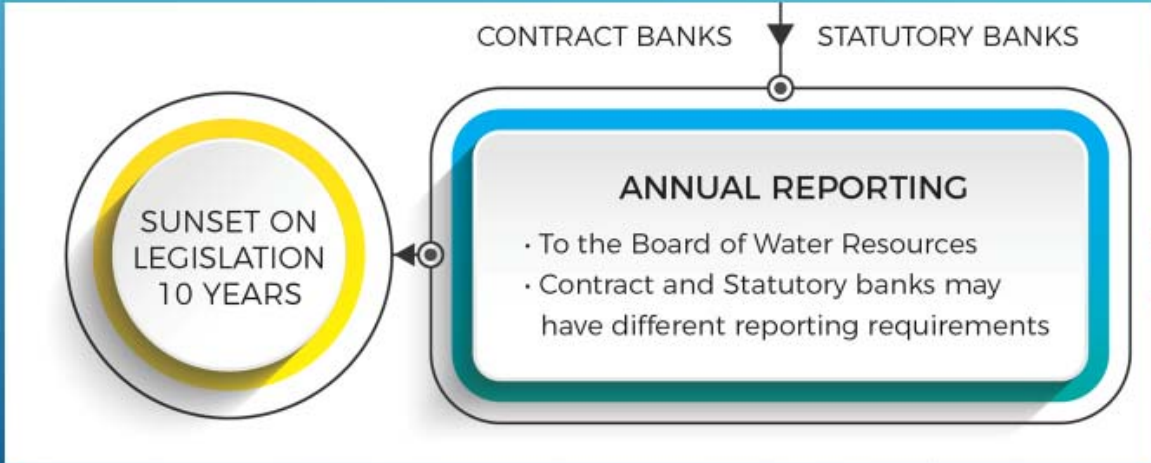
LEGISLATIVE PROCESS



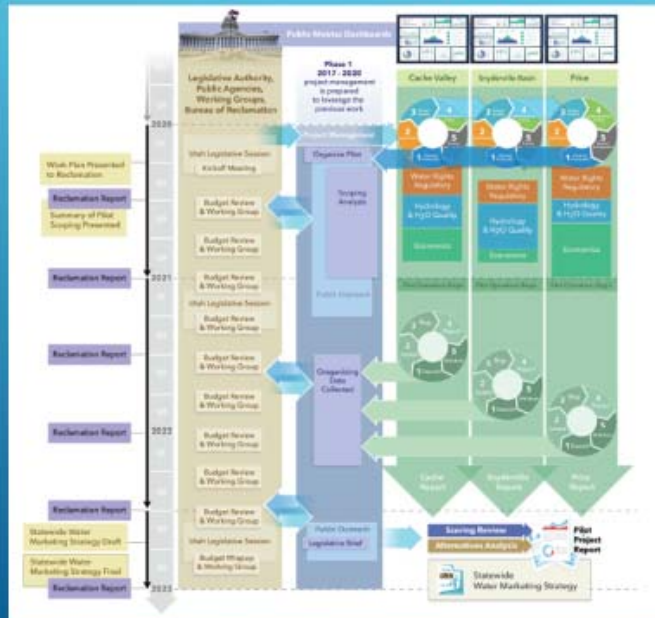
PROPOSED PROCESS



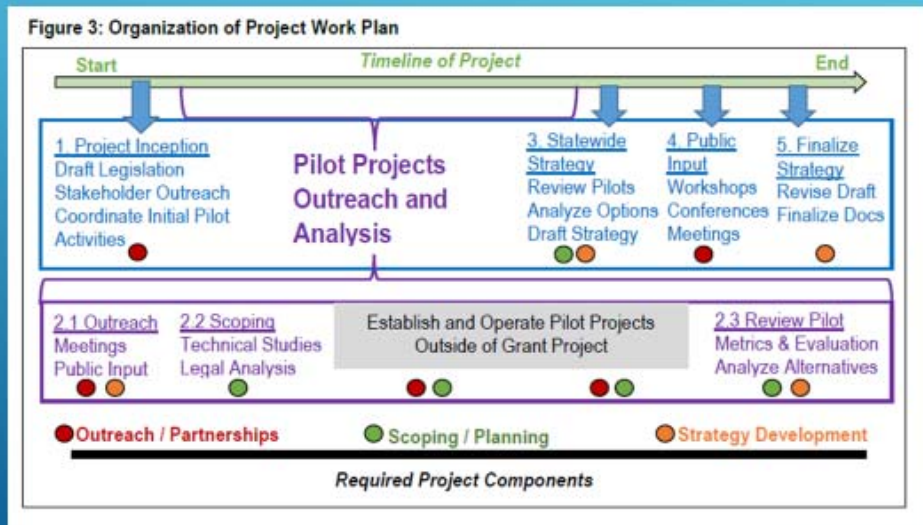
PROPOSED PROCESS



ROLE OF PROJECT MANAGEMENT TEAM



PROJECT TIMELINE (3 YEARS STARTING 7/1/2020)



CONTINUE TO FACILITATE DISCUSSIONS

- ▶ Continue to Facilitate Discussion amongst the water community regarding SB 26 Water Banks and Water Marketing
 - ▶ Large Group/Working Group Meetings
 - ▶ Specific Demonstration Project Discussions
 - ▶ Public Outreach and Feedback
 - ▶ “Expert” Discussions with stakeholders

Figure 2: Utah Major River Basins

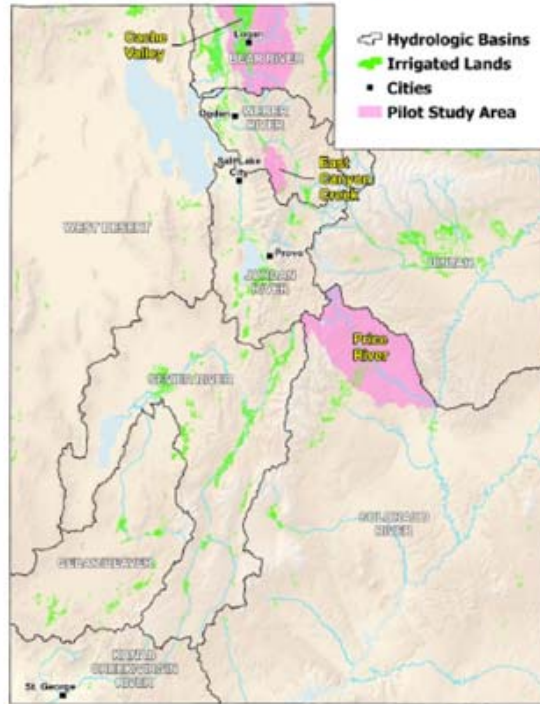


Table 2: Challenges and Marketing Potential in Pilot Project Locations

Location	Supply / Demand Issues	Water Marketing Objectives		
		Agriculture	Municipal	Environmental
Cache Valley	Lack of storage to buffer against variability. Complications in change applications due to large number (130+) of canal companies.	Provide improved water reliability through water trading.	Promote development of secondary water systems.	Enhance flows in 3-4 tributary rivers with dry reaches in most years.
Price River Basin	Insufficient physical water storage. Connected to broader Colorado River Basin supply concerns. Critical flow needs in lower river.	Ability to market between ditch companies. Continued use of short-term leases.	Ability to lease excess supplies. Access to dry-year supplies.	Enhance flows in dry reaches of Price River to recover ESA species.
East Canyon Creek	Insufficient streamflow during late summer months to meet water quality targets and habitat goals. Continued population growth and water demand pressure.	Dry-year water transfers to reduce regulatory risk of impaired streams.	Access to water supplies for mitigating new well development.	Boost low flows in tributary creeks. Central broker to provide info on available water.