**Water Banking Pilot Project Sub-Committee**

**BOR WaterSMART Water Marketing Strategy Grant**

Key Concepts and Outcomes

**Background**:

After the 2017 General Legislative session, the Utah Legislature requested an Interim Study working group be formed to investigate the potential for expanded instream flow protections in Utah. To facilitate this request Senator Jani Iwamoto convened a group of interested stakeholders to discuss instream flow concepts, concerns, and considerations. The working group met through the summer and fall of 2017 and reached the consensus that the issue of instream flows was too narrow and a multitude of complimentary water uses could be achieved by implementing a water banking program.

In the winter of 2017 and spring 2018 the working group met regularly to more specifically discuss water banking concepts and what was needed to implement such a program here in Utah. The conversations resulted in the recommendation to create a pilot water banking program to test theories and ultimately arrive at recommendations for how to create a scalable water banking program that fit broader Utah needs.

In June of 2018 it was determined additional resources beyond volunteer working group time were needed to move the pilot water banking project forward. On June 20, 2018, the Water Banking Pilot Project Sub-Committee met to discuss applying for a U.S. Bureau of Reclamation WaterSMART Water Marketing Strategy Grant to fund the next steps in the Pilot project.

**Action:**

Complete and submit US BOR WaterSMART Grant by deadline of **July 17, 2018.** Once Key Concepts and Outcomes, discussed herein, are agreed to, the Utah Chapter of The Nature Conservancy has offered staff time to complete the Grant Application. Best case scenario would be to receive funding for 2019 but due to time constraints it may not be possible to fully develop a successful grant application. However, the WaterSMART program promotes repeat applications and a successful grant application may be more realistic in 2019 for funding in 2020.

**Grant Key Concepts and Outcomes:**

* Need:

Utah is the second most arid state in the nation and must investigate and implement intelligent means of using its limited water resources to meet a growing number of pressing water demands. Issues of particular concern include:

* + maintaining a healthy agricultural community by slowing the “buy and dry” of agricultural water rights;
  + enhancing instream flows for environmental and water quality concerns;
  + securing water for growing municipal and industrial uses;
  + increasing water user ability to make real time changes to meet environmental/demand conditions.

At the request of the Utah State Legislature, an Interim Study working group of broad stakeholders has convened to discuss water banking as a potential method to better administer water and address demand. The working group has established several key areas of focus to facilitate a water banking program in Utah and is interested in implementing a physical water banking pilot project. Made almost exclusively of volunteer members, the working group is experiencing capacity constraints and needs additional.

* Summary of Grant Proposal :

The Water Banking Pilot Project Working Group is seeking $XXX,XXX from the WaterSMART Water Marketing Strategy Grant program to fund a project manager to: 1) coordinate existing planning efforts and produce a written PilotWater Bank Implementation Plan that summarizes findings on Key Issues and makes recommendations for how to implement a specific physical water bank; and 2) eventually implement and oversee a physical pilot water bank in Utah.

The ideal Pilot Water Bank Implementation Plan will include a “tool box” of options that are applicable across the state and can be adapted to meet local conditions. The goal is to work in concert with existing banking efforts and the overriding is to allow the local water users to design a water bank that works for local needs and maintains local control. The ideal physical pilot water bank is a bank in a specific designated area that can test several of the recommendations of the Pilot Water Banking Implementation plan.

The WaterSMART application will be jointly submitted by the numerous stakeholders currently participating in the working group. The large number of collaborators and stakeholders participating should make the application very attractive.

* Key Issues to be addressed in a Pilot Water Bank Implementation Plan:
  + Summary of needed changes to Federal Law such as banking water in Federal projects or allowing unneeded Federal Project water to be used in bank
  + Summary of needed changes to State law such as addressing forfeiture concerns, expediting the administrative change application process, and the ability of the State Engineer to endorse a water bank as consistent with/meeting State Engineer’s administrative and oversight mandate (i.e. the bank does not run afoul of the goals or policies of the State Engineer’s Offices and can run independent of their oversight)
  + Summary of administrative policy changes at the Utah Division of Water Rights or other involved agencies needed to facilitate water bank
  + Best practices for cooperation amongst participating entities such as contract forms and MOUs
  + Suggestions for mechanisms to shepherd water through a bank such as coordination with existing River Commissioners
  + Recommendations for managing instream and environmental flows
  + Recommendations for marketing and financing leased/banked water
* Project Manager Responsibilities:
  + Phase 1: Planning and Precursor Steps
    - Coordinate existing planning and discussion efforts to come to a final written product on Key Issues
    - Set schedules and deadlines for coming to a written finding on Key Issues
    - Assist participating subject matter experts in completing their designated work on Key Issues
    - Work with interested legislators and others to facilitate changes to State law based on written findings on Key Issues
    - Work with Federal contacts to facilitate change to Federal law based on written findings on Key Issues
    - Investigate physical locations for a pilot water bank
    - Investigate key collaborators to assist in implementing a local water pilot water bank
    - Produce a final written Pilot Water Bank Implementation Plan that:
      * summarizes the Key Issues and Recommendations for a physical water bank
      * identifies a specific pilot project area and proposed actions to implement a physical water bank at that location
    - Comply with all BOR WaterSMART Grant requirements
  + Phase 2: Implementation and Oversight
    - Implement proposed Pilot Water Bank Implementation Plan and execute a physical pilot water bank.
    - Produce a written document summarizing the outcome and recommendations learned from the physical pilot water bank.
* Division of Water Rights Employee Responsibilities:
  + The active participation of the Utah Division of Water Rights is needed to facilitate water banking. It may be prudent to work with the Division of Water Rights to internally designate a Division of Water Rights employee to work with the Project Manager on relevant aspects of Key Issues.
* Funding Requests:
  + Salary for a Project Manager
  + Funding for Division of Water Rights Employee time
  + Administrative Costs