

MEMORANDUM

Project No.: 140129

April 16, 2015

To: Mike Hermanson – Spokane County Utilities

cc: Rob Lindsay – Spokane County Utilities

From: Carl Einberger, LHG, Aspect Consulting, LLC
Dan Haller, PE, Aspect Consulting, LLC

Re: **Summary of Policy Advisory Group Meeting #2 (1/15/15)**
Little Spokane Water Banking Feasibility Study

Background

Spokane County (the County), in conjunction with Stevens and Pend Oreille Counties, is evaluating the use of a water bank to address existing and potential regulatory constraints on existing and new water use, in Water Resource Inventory Area (WRIA) 55, the Little Spokane Watershed. Considerable uncertainty exists regarding the future legal, regulatory, and policy environment that regulation of water resources in WRIA 55 will be subject to. In response to this uncertainty, the County is pursuing a water banking feasibility study to explore options for providing more certainty to existing and new water uses in the basin.

As part of this process, the County has convened a Policy Advisory Group (PAG) to allow interagency and stakeholder coordination and evaluation of alternatives for water banking in the watershed. Aspect Consulting LLC (Aspect) has been engaged by the County to provide consulting services for the Little Spokane Water Banking Feasibility Study. Aspect has been coordinating and moderating PAG meetings for the County.

Overview of Meeting Agenda

The second PAG meeting for this Feasibility Study occurred on January 15, 2015, at the Riverside Fire Station (Spokane Fire District 4). The following agenda was covered in the meeting, with supporting presentation materials.

- Overview of Work Conducted since PAG #1 Meeting
- Next Steps and Decision Points for PAG and Ecology
- Review of Incentives for Bank Participation
- Demand Evaluation
- Supply Evaluation/Other Bank Seeding
- Closing, Expectations for PAG Meeting #3

PAG Attendees

A list of PAG members present at PAG Meeting #2 follows:

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Mike Hermanson – Spokane County Utilities
Rob Lindsay – Spokane County Utilities
Todd Mielke, Spokane County
Wes McCart, Stevens County
Karen Skoog, Pend Oreille County
Keith Stoffel, Department of Ecology
Rusty Post, Department of Ecology
Ty Wick, Spokane County Water District #3
Dick Price, Stevens PUD
Susan McGeorge, Whitworth Water District
Mike Lithgow, Pend Oreille County Community Development
Erik Johansen, Stevens County Land Services
Linda Kiefer, Avista

Dan Haller and Carl Einberger of Aspect, and Cynthia Carlstad of Carlstad Consulting, attended in their roles as the County's consultants on this project. Dan served as the moderator of the meeting, and Dan, Carl, and Cynthia led portions of the meeting discussion.

Meeting Summary

Prior to the meeting, Aspect distributed a Technical Memorandum to the PAG summarizing a water banking demand evaluation for WRIA 55, a water rights supply assessment, and water transfer framework considerations. Aspect also prepared a PowerPoint presentation to guide the meeting discussion (attached). Key topics addressed in the discussion are summarized below, and additional information can be found in the attached presentation:

- The project schedule was discussed, including planned future deliverables
- The goals of the PAG meetings and Little Spokane Water Banking Feasibility Study were discussed.
- Aspect reviewed the approach for the Feasibility Study, and the ongoing schedule status for additional PAG meetings and study deliverables. Topics to be addressed through technical memorandums and the final Feasibility Study include:
 - Legal, Regulatory, and Policy Framework
 - Streamflow and Water Transfer Framework
 - Future Water Demand Evaluation
 - Potential Availability of Water Rights
 - Water Market Evaluation
 - Proposed Bank Management Structure

(Since the time of January 15th PAG meeting, additional tasks associated with water right analysis, an appraisal level study of a potential Pend Oreille watershed water transfer into the Little Spokane, and additional meetings have been added to the study).

- Aspect reviewed key PAG decisions anticipated as the study moves forward:
 - Banking with consumptive or total use
 - One-bucket or multi-bucket management

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- Approach to temporal challenges matching supply and demand
 - Inclusion and risk management of out-of-kind mitigation
 - Priority of demand sectors
 - Geographic priority
 - Early action items to pursue for next phase

- Water banking incentives were discussed, including the current hold on new water rights permits, potential changes or clarifications to Ecology interpretation of instream flow rules, potential regulation of exempt wells, and the ability to provide a permitted sources of new water.

- Updates to the Spokane County Demand Model to extend it into the entire watershed, including Pend Oreille and Stevens Counties, were discussed. The key focus of this work was to provide a basis for anticipated demand should a water bank be pursued. The approach for the evaluation was explained to the PAG, including:
 - Inputs from Pend Oreille and Stevens County on growth and land use changes
 - Compilation and assessment of water rights issued after the WRIA 55 Instream Flow Rule was adopted
 - Evaluation of pending water right applications
 - Review of water system plans and projections, and input from purveyors
 - Consideration of water bank influences on water use practices

- Conclusions from the demand evaluation were also summarized, including total forecasted new demand for single family homes from 2015-2040, estimates of pre- and post-rule exempt wells, public water system forecasts, demand from interruptible water rights, and the total estimated potential water bank demand.

- Potential basin management alternatives were discussed, including managing to a single gage or multiple locations, consumptive use bank accounting, and out-of-kind mitigation applicability and uncertainty. Temporal considerations, including addressing non-irrigation season seeding, were also discussed.

- Water bank seeding, including both in-kind and out-of-kind approaches, was discussed. Seeding options considered include
 - Acquisition of water rights
 - Interbasin transfers (Pend Oreille)
 - Storage (reservoirs, SAR, ASR)
 - Conservation
 - Restoration of instream and riparian habitat

- An overview of WRIA 55 hydrogeology and the distribution of basin fill versus bedrock was presented.

- Existing pre-rule irrigation water rights and claims greater than 200 ac-ft/yr were discussed, including details on the vetting process underway and the distribution and ranking of water rights.

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- Surface water storage studies conducted in earlier investigations were reviewed. In general, these studies concluded that cost vs. benefit and physical constraint considerations did not indicate that this would be a preferred option for bank seeding.
- The potential for obtaining a water right for diversion from the Pend Oreille watershed into the Little Spokane was discussed. Several points were emphasized:
 - The much lower frequency of potential curtailment in the Pend Oreille relative to the Little Spokane watershed would make this a more reliable source option
 - Flows in the Pend Oreille River at Newport are typically several orders of magnitude greater than flows at the Elk gage in WRIA 55.
 - The proximity of the headwaters of the Little Spokane to the Pend Oreille River at Newport, and relatively short conveyance distance and elevation changes are favorable for project feasibility
 - A rigorous cost benefit analysis is needed to further assess this option
- Open discussion among the PAG was conducted during and at the end of the meeting. Key discussion points included:
 - The next PAG meeting was slated for May 27, 2015. The PAG expressed the need for an additional PAG meeting prior to release of the draft Feasibility Study.
 - Additional water rights review of a broader spectrum of rights, including water rights below 200 ac-ft/yr was suggested.
 - There was overall support for pursuing more investigation of the Pend Oreille as a source for water bank seeding. Ecology (Keith Stoffel) suggested that a water right application be submitted in the short term, to establish a priority date and avoid having to process other applications that may be filed.
 - Consideration should be given to how interruptible rights and consumptive use are addressed in the demand analysis.
 - Consider leasing of agricultural rights, rather than purchasing, as an alternative. In addition, some PAG members expressed a preference to avoid prime agricultural lands for water right purchases.
 - The question of how much mitigation will be needed in WRIA 55 tributaries in addition to mainstem bank seeding and mitigation remains an unresolved issue.
- The meeting was adjourned, with the next meeting planned for May 27, 2015 (an additional PAG meeting has now been scheduled for April 29, 2015.)

Attachments:

Attachment 1 – PAG Meeting #2 PowerPoint Presentation

C:\Users\ceinberger\Desktop\LSWB PAG Meeting 2 summary.docx