

## Notes- Kaweah Subbasin Water Marketing Strategy- 2<sup>nd</sup> Subcommittee Meeting

Wednesday, January 20, 2021

3:00 PM PST, held over ZOOM

### Roll Call

Committee Members Present: David Cardoza, Joe Cardoza, Manuel Leon, Soapy Mulholland, Steve Nelsen, Chuck Nichols, James Silva, Craig Wallace, Matthew Watkins, Brian Watson.

Also present: Aaron Fukuda, Jeremy Barroll, Collin Fernandes, Dennis Medeiros.

### Introductions

David Cardoza- Greater Kaweah GSA

Joe Cardoza- Cardoza Company

Manuel Leon- Self-Help Enterprises

Soapy Mulholland- Sequoia Riverlands Trust

Steve Nelsen- Mid-Kaweah GSA, mayor of Visalia

Chuck Nichols- Nichols Farms

James Silva- various ditch companies

Craig Wallace- General Manager, Lindsay-Strathmore Irrigation District

Matthew Watkins- Bee Sweet Citrus

Brian Watson- East Kaweah GSA

Aaron Fukuda- General Manager, Tulare Irrigation District

Jeremy Barroll- Assistant Engineer, Tulare Irrigation District

Collin Fernandes- Pandol Farms

Dennis Medeiros- Mayor of Tulare

### Kaweah Subbasin Water Marketing Strategy Overview

Timeline of 2-3 years **with goal** to set the foundation for a water market for SGMA compliance.

GSAs have the authority to implement and set water budget, allocations, metering, legal guidelines/legal consultants and implementation of the water market.

Schedule and Tasks Begin with outreach and partnership building End with a finalized strategy document

TID acts as grant administrator. Budget includes Bureau of Reclamation \$400k and Kaweah Subbasin cost-share \$432k. More detailed budget breakdown provided in presentation.

### Review and Discussion of Existing Water Markets

Nebraska – Twin Platte Natural Resources District. Excessive groundwater pumping limits surface water flows in streams/rivers. System trades “certified irrigated acres.”

Australia – Murray-Darling Basin Authority. Fixed groundwater pumping allocation limit, surface water allocation varies, surface water allocations and entitlements/rights are tradable. States have authority to meter.

San Bernardino County – Mojave Water Agency. Originally established to distribute state water, Subregions established for various stretches along Mojave River. Allocation of water is set according to stretches along the Mojave River. Mojave Water Agency handles all transfers.

Texas – Edwards Aquifer Authority. Set up in the 1990s and modified until 2005. Includes the San Antonio region. High connectivity aquifer. Trading is not geographically constrained, exception of Cibolo Creek Prohibition whereby water cannot be traded from east side to west side. Free market, platforms handled by third parties. Sales of annual pumping allocations average close to \$5000/AF. Allocations based on historic use.

Discussion of the merits of a “free-market” water market (Australia/Texas) vs a centrally governed water market (San Bernardino County/Nebraska). Mojave Water Agency is very centrally controlled, high administrative costs. Australia/Texas are more market driven and have less oversight

Well metering is the most common method for measuring.

Geographic constraints largely governed by hydrogeological characteristics. Most markets use a corollary to the Subbasin concept.

### **Meeting Frequency and Voting/Chairman Selection**

Meeting frequency will depend on amount of information to review. Largely monthly then probably further apart further along.

Committee supports voting with the quorum system, whereby items can be approved by a simple majority of those Committee members present. Motion approved.

Steve Nelsen nominated himself as Chairman. Motion approved. David Cardoza nominated Joe Cardoza as Vice Chair. Motion approved.

### **Discussion of Water Market Consultant**

Water market consultants have implemented other water markets or similar cap and trade markets (fisheries markets). Conduct economic analysis to predict and forecast any economic impacts brought on by various aspects of the water market.

Desirable qualities of consultants: Experience implementing a previous water market, engineering and economic qualifications, flexibility in incorporation of stakeholder input. Ideally be able to operate within the budget constraints; budget is potentially flexible, depending on willingness of GSA Boards.

### **Discussion of Request for Proposal for Water Market Consultants**

Subcommittee previously inserted language specifying that bidders cannot bid for exchange software as this would be a conflict of interest because Consultant would then be designing Strategy document in such a way as to lead us to their exchange platform.

Recent input from a consultant that many companies offer online software and so this restriction may be limiting in choosing consultants. Committee agreed to remove this eligibility restriction but leave question in evaluation criteria regarding business model as it relates to exchange platforms.

Consideration of altering evaluation criteria as it relates to the business model/exchange platform section. Committee decided to leave as is.

Questions regarding consultant list included whether travel cost for distant consultant would be an issue. Committee discussed how this would be a cost of business for the Consultant. Also asked was how Consultant list was obtained. Some contacted the District, some the District has worked with in the past and some the District looked up. There are only so many companies that do water market consulting.

Committee members added that the RFP should also be sent to 4 Creeks and Provost and Pritchard for distribution to their contacts.

### **Committee Member Updates**

Committee decided to schedule regular meetings for the 4<sup>th</sup> Wednesday of the month at 3 PM in the future. Email will be sent out to confirm.

Committee members expressed interest in meeting in person, however District cannot have an in-person meeting due to District policy and state guidelines. Hopefully will be able to have in-person meetings around June.

Next meeting will be in April. RFP will be immediately sent out, bidders will have 30 days to return and then Committee will have a month to review.

Kaweah GSPs will probably not be reviewed until near end of year. Also, Committee will be briefed on water rights law as it applies to the market. Coordinating with neighboring Subbasins on calculating inter-Subbasin flow.

### **Adjournment**

Next Committee meeting will be Wednesday April 28 at 3 PM. The RFP will be modified to remove the eligibility clause regarding exchange platforms and then sent out to bidders for a 30 day period, after which Committee members may review before the meeting.