

Notes – Kaweah Subbasin Water Marketing Strategy – 1st Subcommittee Meeting

Tuesday, December 15, 2020

1:00 PM, Held via Zoom

Introductions

- Steve Nelson
 - Mayor – City of Visalia
- Joe Cardoza
 - Stakeholder Committee Representative – Greater Kaweah GSA
- Brian Watson
 - Board Member – East Kaweah GSA
- Aaron Fukuda
 - General Manager – TID
 - Interim General Manager – Mid-Kaweah GSA
- Jeremy Barroll
 - Assistant Engineer – TID
 - Grant Administrator, Project Lead/Contact
- Scott Rogers
 - Board Member – TID
- Riley Nolan
 - Engineering Intern – TID

Kaweah Subbasin Water Marketing Strategy Overview

- Set timeline of 2-3 years
- Goal is to set the foundation for the strategy for SGMA compliance
- GSAs have the authority to implement and set:
 - Water budget
 - Allocations
 - Metering
 - Legal guidelines/legal consultants
 - 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
 - Bureau of Reclamation - \$400k
 - Kaweah Subbasin Cost-Share - \$432k
 - More detailed budget breakdown provided

Review and Discussion of Existing Water Markets

- Nebraska – Twin Platte Natural Resources District

- Excessive groundwater pumping limits surface water flows in streams/ivers
 - 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
- 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 one creek that was disproportionately impacted
 - Free market, platforms handled by third parties
 - Sales of annual pumping allocations average close to \$5000 annually
 - Based on historic use
 - Farmer is selling permitted allocation to another farmer or municipal user
- 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 – very centrally controlled, high administrative costs
 - Australia/Texas – Market driven, less oversight
- Well metering is the most common method for measuring
 - Provides accountability for all users
- Geographic constraints largely governed by hydrogeological characteristics

Discussion of Water Market Consultant

- What do water market consultants do?
 - Have implemented other water markets or cap and trade markets (fish markets)
 - Economic analysis – predict and forecast any economic impacts brought on by various aspects of the water market
- What are we looking for in a consultant?
 - Experience implementing a previous water market
 - Engineering and economic qualifications
 - Flexibility in incorporation of stakeholder input
 - Ideally able to operate within the budget constraints
 - Budget is potentially flexible, depending on willingness of GSA Boards
- Level of involvement of the Consultant
 - Clearly define the role of the consultant
 - Role in the design and implementation of the market
 - They cannot be involved in (or profit from) the operation and administration of market

- Ethical consideration of the level of involvement or outside influence of consultant
 - Must be divested from the market
- Distinguish between administrative fees to cover the operational costs of the market vs fees that generate a profit
- Who should be involved in the selection of a consultant?
 - *Subcommittee consensus that the consultant should be selected by the larger committee, not just the subcommittee*
 - Includes all perspectives, backgrounds, etc.
 - Better to select a consultant with a “collective mindset”
 - *Adjust timeline of the project to form the larger committee before choosing consultant*

Committee Selection

- Seven (7) remaining seats to be filled
- Should represent a variety of water user types
 - Agricultural users, ditch companies, disadvantaged communities, rural domestic users, non-profit, environmental, industrial, general groundwater users
 - Current Applicants (As of 12/15/2020):
 - Brian Watte
 - Grower, Brian Watte Farms
 - Grower, rural domestic user
 - Craig Wallace
 - General Manager, Lindsay-Strathmore Irrigation District
 - Water agency, ditch company, rural disadvantaged community
 - Chuck Nichols
 - CEO, Nichols Farms, Nichols Pistachios
 - Grower, city resident, rural domestic user
 - Matthew Watkins
 - Director of Farm Operations, Bee Sweet Citrus
 - Grower, rural domestic user, industrial
 - Tom Barcellos
 - Owner, Barcellos Farms, T-Bar Dairy
 - Grower, water agency, rural domestic user, dairy
- Emphasis that the larger committee should be representative of all users
- Committee actions should be carried out with transparency and public oversight/involvement
 - Follow the Brown Act in terms of meetings, agendas, minutes
 - Encourage public involvement and transparency
 - Ultimate decisions will be made by committee
- How will remaining seats be filled?
 - Grant administrator (TID) will process applications and present the candidates to the subcommittee for consideration and selection