

Effects of User-Pay Requirements on Water Permitting

INTRODUCTION



Historically, processing of water rights applications and water delivery was heavily subsidized by the State. Today, reimbursement costs charged by Ecology are closer to the true costs of water, on the order of \$50/acre-foot/year or upwards of \$3,000 per acre-foot, and will likely increase for new water projects.

The number of applicants who are declining processing of their water permit when opportunities arise is increasing. For example, of the 208 applicants invited to participate in the Lake Roosevelt Program, 42 have chosen to participate and have been processed, 48 withdrew their applications, 108 have chosen to delay acceptance but remain as pending, and 10 are pending Ecology processing.

This may be due to the cost increases charged by Ecology and/or other factors, and is affecting the agency's ability to reduce its backlog of water right applications in the face of Legislative pressure to meet annual permit processing targets.

This component of the 2016 Water Supply and Demand Forecast examines the effect of these water cost increases, as well as other factors, on water permitting outcomes and the demand for water service from Ecology programs.

METHODS

The research team is focusing on six Ecology water supply programs to assess the effect of water pricing and other factors on demand:

- **Lake Roosevelt Incremental Storage Releases Program**
- **Sullivan Lake Water Supply Program**
- **Wenatchee Basin Coordinated Cost-Reimbursement Program**
- **Cabin Owner's Mitigation Program**
- **Port of Walla Walla Lease Program**
- **Yakima Sub-Basin Mitigation Program**

Programs differ in several ways, including the fees charged by ecology, location, type, and volume of water use, and other factors.

Using Ecology data on program participation and survey data collected by WSU's Social and Economic Sciences Research Center (SESRC), the research team will apply econometric modeling to assess the factors that most affect participation, including Ecology processing fees and charges affect participation.

The Ecology database includes application specifics such as planned water use, the volume of water requested, and other details. The SESRC survey was sent to all applicants regardless of participation status. The survey includes questions about applicants' stated willingness to participate contingent on a range of possible Ecology fees and charges, expected costs of infrastructure necessary to put the water to use, stated reasons for participating or not, and other applicant specifics related to the costs and benefits of program participation.

RESULTS

Survey data are still being collected. To date, we have an overall survey response rate of about 20%. This rate is not atypical of surveys such as this. This is not atypical of surveys such as this.

LOCATION	Sample Size	Number Completed	Response Rate
Sullivan Lake	8	0	0%
Lake Roosevelt	214	58	27%
Wenatchee Basin	37	2	5%
Yakima Basin	383	85	22%
Port of Walla Walla	6	1	17%
Yakima Cabin Owners	37	22	59%
Overall	859	168	19.5%



Survey data are not yet available for analysis. However, many of the applications in the dataset upon which the survey are based are quite old (up to 20 years or more). It has become clear based on communications with respondents that the response rates are especially low for older applications, and affects program participation rates substantially due to changes in circumstances of the applicant.

CONCLUSIONS

Ecology is under legislative and stakeholder pressure to meet permit processing targets, and program non-participation is one factor hindering progress. This study will estimate the effect of user-pay charges on participation, and will help Ecology identify other factors most affecting processing delays.

