

2007 Tributary Water Rights Auction

History

1905 water users
tributary flows

Prototypes

2001,2005 drought auctions
Deschutes River Reverse Auction
Australian Bush Tender

Funding

Department of Ecology and Columbia
Basin Water Transaction Program/BPA

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GOALS

- Wise expenditure of public funding
- Transparent process
- Improve knowledge of market pricing for water rights
- Streamline the process of doing deals
- Partnership between public and private entities, i.e., non-profit organizations and Ecology
- Measurably improve instream flow, fish passage, and habitat values in priority tributary streams
- Improve flow and water quality in the Yakima River below Parker
- Improve knowledge of water right auctions in Washington State

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PRIORITIES

- Biological criteria
- Tributary focus
- Permanent, dry-year and split-season leases
- Trust Water Rights Program
- Conditions & eligibility requirements

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DESIGN and IMPLEMENTATION

- Reserve price -- sealed (willingness to pay)
- Bid price – forms filled & sent – unlimited (willingness to accept)
- Dry-year leases – option price included
- Bid letters sent to 600 water right owners on April 27th
Due May 25th
- 1 press release. Ecology website.
- Bid price $<$ *weighted* Reserve price (“value”)

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RESULTS

- 4 phone calls
- 1 returned bid
 - currently undergoing evaluation procedures

WHAT WENT WRONG?

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EXPLANATIONS – TBD

- Timeline?
 - too short of response period for bid submittals OR
 - busy time of year for ranchers and farmers
- Complexity?
 - options too diverse for their consideration OR
 - too confusing (but why then, so few questioning phone calls?)
- Conditions?
 - conditions too demanding for participation
 - fear of committing, DOE review, insufficient certainty for water owner
- Preference against Trust Water?
 - OR preference for other kind of water market opportunity?
- Elasticity?
 - No limits on blank form (willingness to accept = \$1 million/acre-foot?)
 - “Priceless” ? for some
 - Speculation ? for others

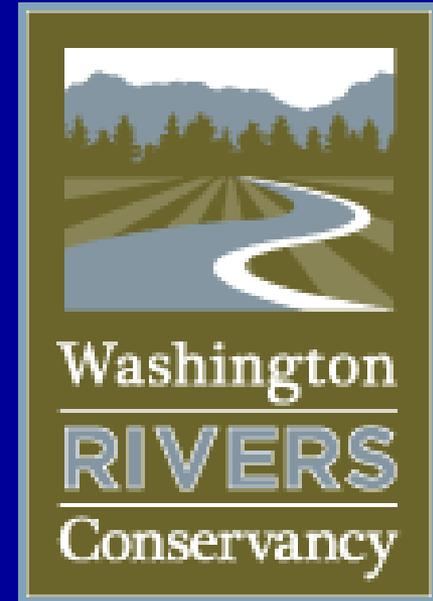
Lessons & Take-Home

- We don't have "WHY?" answers, *yet*
 - further research is critical
- Explanations needed prior to 2nd try
- Caution in Columbia (dry-year auction)

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Working to restore rivers and streams in Washington state