



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

15 West Yakima Avenue, Suite 200 • Yakima, Washington 98902-3452 • (509) 575-2490

April 27, 2007

2007 YAKIMA TRIBUTARY WATER RIGHTS REVERSE BID AUCTION REQUEST FOR BIDS:

The Washington Department of Ecology is inviting bids from water right holders with confirmed water rights in Yakima Basin tributaries who are willing to sell or lease ten (10) or more acres of their water right. These auctions are part of Ecology's efforts to enhance stream flows Yakima Basin tributaries that possess significant fisheries habitat.

Low flow problems in many of the tributaries can be related to out-of-stream diversions, changes in land use in the watershed, and to changes in climatic conditions. Additional stream flow would benefit several species of fish listed under the Endangered Species Act and other aquatic and terrestrial species.

Water rights purchased or leased in the Reverse Bid Auction will be managed as part of the State Trust Water Rights Program. The water rights will be protected as an instream flow water right from the historic point of diversion downstream to the mouth of the Columbia River.

Ecology has budgeted up to \$625,000 for purchase or lease of water rights. Once bids are received they will be evaluated. The bid evaluation will include a general assessment of the tributary and a site assessment of environmental and fisheries benefits of the particular water right offered for lease or sale.

If accepted bids do not require the full budgeted amount, Ecology may invite subsequent rounds of bidding. The auction would continue until either Ecology's budget is exhausted or it appears to Ecology that additional bids to consider that meet our criteria are unlikely. Unsuccessful bidders in the first round may modify and resubmit their bids in any subsequent rounds of the auction.

Letters of Intent will be offered to owners of water rights accepted as candidates for purchase or lease. Additional information on the water right or the use of the water associated with the water right may also be requested of the water right holder.



This invitation to bid is for three categories of transaction. The bid categories within the auction are:

- a. Purchase. A water right holder would agree to sell their water right to Ecology to be managed in perpetuity within the State Trust Water Rights Program.
- b. Split-season lease. Beginning with the 2008 irrigation season, a water right holder would agree to lease their water right to Ecology to be managed in the State Trust Water Rights Program for a portion of each irrigation season. The lease period is each irrigation season from August 1 through the end of the irrigation season defined in the Court's Conditional Final Order. The minimum term of the lease is five (5) years.
- c. Dry-year lease option. Beginning with the 2008 irrigation season, the water right holder would grant Ecology the right to a lease of their water right in years when the Bureau of Reclamation prorates water among May 10, 1905 Yakima Project water rights to 75% or less of a full water supply. Under the option agreement, Ecology would notify the lessor of its intention to lease the water right by March 15 each year. Ecology would make a payment of \$10 per acre-foot of consumptive use multiplied by the number of years the agreement is effective. Ecology would also pay the accepted bid price in water-short years when the option to lease is exercised. The minimum term is ten (10) years.

You may submit one bid in each category of transaction of the auction. The enclosed Auction Bid Conditions and Terms (yellow sheet) identifies the general requirement for bids in this auction. Please read them carefully as any water right that does not meet all of the general requirements will not be considered.

Additional information is available on Ecology's website:

<http://www.ecy.wa.gov/programs/wr/wrhome.html>

If you wish to submit a bid, please carefully review the Auction Bid Conditions and Terms, complete a bid sheet for the appropriate category of lease or sale, and return it to Ecology. Bids must be postmarked by midnight, May 25, 2007.

Washington Rivers Conservancy (WRC) and Washington Water Trust (WWT), non-profit organizations that focus on cooperative agreements to transfer water to instream flow, will assist Ecology in the transactions. Thank you for your interest in the auctions. If you have any questions please call Bob Barwin with Ecology at 509-457-7140, Lisa Pelly with WRC at 509-888-0970, or Kelly McCaffrey with WWT at 509-844-4146.

Sincerely,



Robert F. Barwin, Environmental Engineer
Department of Ecology

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Enclosures