



## WATER TRANSFER ADVISORY GROUP -MAY 7 AG WATER TRANSFER OVERVIEW

### Overview

Most farmers want their farms to continue to the next generation. When they retire, and when they do not have a next generation coming in to take over, many farmers often sell to a neighbor, but they are not precluded from selling to someone from another state or country. They sell to the buyer who makes the highest offer.

A farmer cannot be forced to farm. If they are losing enough money on a parcel they will stop farming it. Changes in markets, demographics and labor regulations mean that some crops are no longer viable in the places that they have been historically grown.

If the government limits the right to sell property, that limitation may be a taking of private property and require the government to pay damages to the property owner.

Leasing or purchasing additional water is one of several tools that are key to stabilizing water supply in drought years. Drought related losses in 2015 just within Roza were estimated by WSDAg at around \$77M (not including processing). A slight additional decrease in water supply in 2015 and those losses could have been double or triple. Roza has for decades examined upstream lease and purchases of water to bolster supplies in drought years.

Roza leases more water than any other entity in the Yakima basin during droughts. Roza has also considered purchasing several thousand acres upstream in order to move the water downstream during drought years. By comparison the total amount of water involved in eastern Washington that was the subject of the article last Fall was equivalent to one mid-sized Roza farm.

- ✓ **Real property**-Many Roza farms are comprised of multiple parcels located in multiple irrigation districts. Many Roza farms also include non-Roza farm units in the Columbia Basin Project and along the Columbia and Snake Rivers.

Water rights are a property interest in a public resource (whether owned by a private individual or a public entity). Water rights can be sold with the property it are appurtenant to or sold separately, although separate sales are not common. Water rights are issued by the state rather than counties. An irrigation allotment within an irrigation district can only be transferred out of the district with the approval of the board of directors.

There are farms in the Roza Irrigation District that are owned by companies in other countries and Roza growers who farm in other countries. Farm owners who are looking to expand are not limited to only buying adjacent land. There are currently only a handful of institutional investor land owners from other states on the Roza. Local dairies buy feed and in some cases own land to grow forage crops in surrounding states. Some Roza growers also have processing facilities in surrounding states. Nearly all farms are incorporated, even the few remaining smaller farms.

- ✓ **Personal Property**-Farm equipment comes from all over the world: Some grape and blueberry harvesters come from France, some tractors come from Japan and Germany, fruit boxing and pallet stacking technology comes from Spain, fruit scanning technology comes from Holland, shade cloth and trellis technology comes from Australia & New Zealand, pickup trucks on the farm come from Mexico, Canada and Japan among other places. Farmers are not restricted from buying equipment in other states or countries, and they are not prevented from selling their equipment to people in other states or countries.
  
- ✓ **Crops**-Washington farm products are sold both domestically and exported. “Local” is awfully subjective for farmers whose farms are spread out over 100+ miles and whose crops are exported thousands of miles away. The federal and state government actively promote the export of Washington crops to markets outside of Washington and the U.S.
  - **Example A**- A Roza grower owns land in the upper part of the district which is in WRIA 39 in order to transfer it to other Roza ground in WRIA 37 during drought years. These internal transfers are crucial to Roza’s grower ability to manage their water during drought years.
  - **Example B**- Roza leases water from landowners in other irrigation districts and private property owners to supplement the District’s supply during drought years (4,500 ac. ft. in 2015 & 28,000 ac. ft. in 2001). Some of these leases are from lands in WRIA 39 for use in WRIA 37 on Roza land.
  - **Example C**- A Roza grower also owns land in Okanogan county and wants to move the Okanogan water downstream to their non-Roza farm units along the Columbia River in Benton County.
  - **Example D**- A grower in Kittitas county takes money from an environmental group to fund on-farm irrigation efficiencies and the conserved water savings are donated by the environmental group to the trust program for in-stream flows in perpetuity.
  - **Example E**- A grower in Kittitas county sells surface water in WRIA 39 to a Roza grower who leaves the water in-stream to offset equivalent withdrawals of groundwater in hydraulic continuity in WRIA 37.
  - **Example F**- A Kittitas county farmer in WRIA 39 is taking land out of ag production due to urbanization and sells the Yakima River surface water to a municipality 75 miles downstream in WRIA 37 to bolster the municipalities water supply.

## **Summary**

When water is transferred downstream, the economic activity associated with the water still occurs in Washington. In some cases moving water can increase the economic effects to the state by several orders of magnitude. E.g. 2,000 acre feet of water used to grow \$2M of hay might be used to grow \$10M+ of tree fruits somewhere else.

There are strong barriers in place to prevent speculation, bearing in mind that what one person may view as speculation is merely prudent planning on the part of another.

The transfer process is very transparent currently, particularly in the Yakima Basin where every molecule has been litigated over for 40+ years. Other than internal District transfers, other water transfers must be processed through the Department of Ecology which provides notice of a proposed transfer before it is approved.

Merely disagreeing with the concept of water moving downstream is not a reason to deny a transfer. Ag land purchases and equipment purchases in Washington are routinely financed by institutions in other places. The source of the funds or the buyers home address are not decision criteria when reviewing a water transfer. Water transfer decision makers are not permitted to be arbitrary in their actions.

Preserving farmland and ag water in hopes that the resulting "local" farm economy will remain unchanged is illusory, because doing so does not mean that the land will be farmed in either the short term or the long term if it cannot be done at a profit. Some transfers are proposed by "local" farmers looking to grow in order to stay competitive.

I have spent 25+ years in water resources and city/county land use planning in Washington, and have had thousands of conversations with farmers who were looking to either retire or expand, and not one has said they want to be restricted in who they could sell their property to or buy it from. The same goes for their farm products, farm equipment and water rights.

Scott Revell  
District Manager  
(509) 840-2721  
srevell@roza.org

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