**Meeting Summary**

**Madera County Water Market Strategy**

**Partners’ Workshop 1 – Defining Opportunities**

***February 25, 2020, 3:00 – 7:00 pm***

This meeting was the first partner workshop to inform the Madera County Water Market Strategy process. It took place on February 25, 2020 from 3:00 - 7:00 p.m. at the Madera County Building in Madera. This document summarizes key outcomes from workshop and participant discussions on the following topics: water market concepts, tools and context; partner opportunities, constraints and concerns; and affected parties identification and potential impacts. This document is not intended to serve as a detailed transcript of the meeting.

**Meeting Objectives**

The primary objectives for the meeting were to:

* Introduce water market concept, tools and context
* Identify and discuss partner opportunities, constraints and concerns
* Initiate discussion on affected parties and impacts
* Gain insights and begin to brainstorm for future partner discussions

**Action Items**

Key action items from the meeting include the following:

1. Staff and consultant team to utilize participant feedback to inform planning for the next workshop focusing on affected parties and potential impacts to them.
2. Kearns & West facilitation team to develop a summary of the Partners’ Workshop 1 to be posted on the County website: <https://www.maderacountywater.com/county-gsa-advisory-committees/>.

**Meeting Attendance**

1. Devin Aviles, Agri-World Cooperative
2. Christina Beckstead, Madera Farm Bureau
3. Mike Beerends, GHD
4. David Britz
5. Reyna Castellanos
6. Cederquist Farms
7. Clay Daulton, Madera County Cattlemen’s Association
8. Dave DeFrank
9. Mike DeLaGuerra
10. Marc Frelier, MRF Lands
11. John Gies, Madera Water District
12. Madeline Harris , Leadership Council for Justice and Accountability
13. Keith Helmuth, City of Madera
14. Chase Hurley
15. Mark Hutson
16. Angela Islas, Self-Help Enterprises
17. Carl Janzen, Madera Irrigation District
18. Hylon Kaufmann, Ranch Systems
19. Jerry Kazynski, Madera GSP Committee
20. Diane Kirk
21. Jim Kopshever
22. Michele Lasgoity, Madera County Farm Bureau
23. Ricardo Lucero, Specialty Crop
24. Lacey McBride, Merced County
25. Eddie Ocampo, Self Help Enterprises
26. Kevin Olsen
27. Mitch Partovi, Waterfind USA
28. Paul Provenzano
29. Jack Rice, Madera Agricultural Water Association
30. Don Roberts, Gravelly Ford Water District
31. Kristi Robinson, Water Wise
32. Greg Rodgers, Madera Valley Water Company
33. Karan Samran, Bapu Farming Co.
34. Jared Samarin, Samarin Farms
35. John Shelton, San Joaquin River Conservancy
36. Scott Silva, Greystone Equities
37. Erik Smith
38. Al Solis, Sol Development and Associates
39. Amanda Monaco
40. Michael Naito, Madera County Farm Bureau
41. Jim Unti
42. Doug Welch, Chowchilla Water District
43. Don Wright

County staff and project team:

1. Stephanie Anagnoson, Madera County
2. Jeannie Habben, Madera County
3. Greg Young, Tully & Young Comprehensive Water Planning
4. Janet Clements, Corona Environmental Consulting
5. Cici Vu, Kearns & West
6. Stephanie Campbell, Kearns & West

**Meeting Key Outcomes (linked to agenda items)**

1. **Welcome, Introductions, Meeting Objectives, and Agenda Review**

Stephanie Anagnoson and Jeannie Habben, Madera County, opened the meeting and welcomed participants. Cici Vu, facilitator, explained that the County hired her and Stephanie Campbell of Kearns & West as neutral third-party facilitators to assist the County and its partners have open and equitable conversations around the proposed water market strategy. In addition, she emphasized that the County is keenly interested in conducting this partner engagement process related to the proposed water market strategy as collaboratively as possible. She then reviewed the agenda and meeting objectives. To orient participants to who were in attendance, Ms. Vu requested participants raise their hands to denote their association with a particular sub-basin of interest or representation. Participant representation was as follows (some participants represented multiple groups):

* Madera Sub-basin: 15
* Chowchilla Sub-basin: 10
* Delta-Mendota Sub-basin: 1
* Residential: 7
* Farming/Agriculture/Resources: 15
* City of Madera: 1
* Other: engineering, nonprofit, media

1. **Water Market Strategy Pilot Project Timeline**

Ms. Vu reviewed the proposed pilot project timeline to highlight opportunities for partner engagement and input. She noted that stakeholder outreach began in January with phone interviews to inform Partners’ Workshop 1. Specifically, she identified two opportunities in 2020 for project input: Partners’ Workshop 2: Affected Parties on April 30, and Partners’ Workshop 3: Developing Solutions in December. She indicated that the water market strategy pilot project will begin in early 2021 largely based on input from the 2020 stakeholder engagement process.

1. **Highlights on Early Outreach**

Ms. Vu and Ms. Campbell reviewed the partner assessment interview findings. Highlights included:

* Most interviewees had some familiarity with and involvement in the GSP process and only a cursory understanding of the complexities of market tools and how they might apply to water trading in Madera County.
* Overall, partners expressed support for the general concept of a water market strategy for Madera County. Many interviewees expressed that their support is contingent upon the details of how the groundwater market system will function and what the implications will be.
* All interviewees believed providing for transparency and equity will be critical to market success.
* Most interviewees expressed the need for additional tools to adequately meet Sustainable Groundwater Management Act (SGMA) requirements while maintaining economic viability for businesses and community overall.

1. **Water Rights 101**

Stephanie Anagnoson and Greg Young presented a primer on water rights with the caveat that neither individual is an attorney. Topics included:

* Overview of groundwater and surface water rights in California, types of each right, and how those rights pertain to water markets.
* Definitions for reasonable and beneficial uses, highlighting Water Code Section 106.

Participants did not have any questions on this topic.

1. **Introduce Water Market Concept, Context and Tools**

Janet Clements, Corona Environmental Consulting, gave an overview of water market concepts and tools, providing context via the Fox Canyon case study and discussing the case’s applicability to Madera. Topics included:

* SGMA regulations, Madera sub-basin sustainable yield goals and tools to attain these goals, including the role a market could play
* Potential benefits, costs, and economic impacts of a groundwater market
* Water market strategies to reduce adverse market effects
* Overview of Ventura County’s Fox Canyon groundwater trading system as a case study

During and following the presentation, workshop participants asked for clarification or provided feedback on the presentation and related topics. Key issues shared included:

* Desire to inquire into a bidding option for the market
* Concern regarding finding the appropriate balance of transparency and confidentiality of water sales, quantities, and prices
* Concern regarding ability to trade under longer term commitments which might increase investment in water conveyance infrastructure
* Concern regarding the level of government involvement in administering the water market
* Concern regarding how to monitor adverse impacts (e.g., drinking water resources)
* Concern that community water access would be negatively impacted due to market driving up prices until they become unaffordable
* Concern regarding how data gaps and limitations will be managed and how this will inform policy implementation and monitoring
* Concern regarding how small agricultural operations will fare in a market system

1. **Interactive Mapping Exercise**

An interactive mapping exercise was conducted as an effective way to gather diverse feedback, identifying opportunities, challenges, and affected parties related to water markets. Ms. Vu asked attendees to self-select into groups with diverse interest representation where possible. A County or consulting team staff member facilitated each group by referencing a county map and writing participant input from the prompts onto a flipchart. The small groups discussed and recorded the following topics:

* Main concerns regarding a water market
* Opportunities and challenges for partners
* Geographical concentrations of opportunities and challenges
* Identification of environmental concerns
* Identification of affected parties from a water market approach
* Mitigation measures for potential adverse impacts

1. **Plenary Discussion on Breakout Group Themes**

Following a break, participants reassembled as a large group to discuss themes from the interactive mapping exercise. A spokesperson from each small group reported back on discussions.

Themes for opportunities included:

* Environment
  + Increasing conservation by establishing quantifiable value for the resource
  + Increasing groundwater recharge
  + Changing to less water dependent crops
  + Increased efficiency of water management and use
  + Increased groundwater recharge capture
  + Possibility for recharge credits and recharge projects
* Communities
  + Establish buffer zone around La Vina, Fairmead and other disadvantaged communities to receive multiple benefits (i.e., air quality, groundwater supply, habitat restoration, greenspace)
* Administration/Operations
  + Providing better understanding of the sub basin’s water supply and needs
  + Increase in reliability and certainty for planning
  + Increasing data collection to help measure demand and use (metering)
  + Providing options (e.g., white areas)
  + Creating rules to support water quality and overall adverse impact mitigation
  + Trading access to sustainable yield and transitional water for agriculture
* Economic/Market Tools
  + Permanent crops will maintain viability
  + Potential to bolster smaller farms
  + Providing short-term flexibility
  + Economic benefits (e.g., incentive to fallow)
  + Creating greatest economic benefit for existing supply
  + Land division
  + Trading between counties (e.g., Merced selling to Madera)
  + Options for multiple year sales to incentivize entering market
  + Transferring water use from lower to higher value crops
  + Creating ability to potentially make the case for water supply augmentation from surface water sources

Themes for concerns included:

* Environment
  + Contamination migration
  + Localized hubs of subsidence and contaminants
  + Adverse impacts on water quality and quantity for ecological uses
  + Lowering of groundwater levels due to market influence
* Communities
  + Future of farmers and farm families could be jeopardized
  + Small farmers may go out of business
  + Potential for adverse effects and unintended consequences to processors and suppliers due to market
  + Amount of education and trust building needed to be functional is substantial
  + Difficulty in finding proper balance of individual versus group impacts
  + Keeping water local
  + Losing control of your water
  + Groundwater Sustainability Agencies may engage in power struggles which could have outward rippling impacts
  + Increased operations and maintenance costs shouldered by disadvantaged communities for drilling deeper wells and treating water for contaminants
  + Loss of access to potable water for residents
  + Market will lead to concentrated pumping impacts due to centralized perennial crop locations, impacting water quantity and quality (e.g., domestic wells)
* Administration/Operations
  + Challenges in accurate land diversion reporting
  + Ability to transfer water from one parcel to another for a single owner without incurring unreasonable administrative costs
  + Accounting for old wells in monitoring system
  + Rules in place to govern resale for beneficial use
  + Interaction of market with existing institutional demands (e.g., San Joaquin River Conservancy)
  + Concern water will be resold at a higher cost (not allowing for resale)
  + Unexpected impacts from new development
  + Finding the proper balance of anonymity and transparency
  + Difficulties are likely to exist for operations which straddle boundaries, causing complexity in market policy implementation
  + Need to manage for impacts to Special Management Areas/buffers and disadvantaged communities and growers
  + Water use data could be used to detect use patterns which could be exploited in a market system
  + Existing monitoring efforts will need to be integrated into new system
  + Rules may be altered over time, creating uncertainty
  + Differences in how wet versus dry years will be handled
  + Challenges in effective and secure monitoring and enforcement
* Economics/Market Tools/Legal
  + Economics of market operation
  + Potential for market manipulation
  + Lack of supply and/or demand
  + Concern the cornering of the market will occur
  + Transaction costs and additional burden being less than the benefit
  + Concern that the price of almonds will control the market
  + Not enough supplemental tools outside of a market will be invested in
  + Economic impacts from reduced staffing needs when fallowing occurs
  + Substantial resources, which may be unattainable, will be needed to administer market
  + Governmental revenues may be altered resulting in unintended consequences
  + Finance issues for monitoring infrastructure installations (burden on farmer)
  + Supply and demand in conjunction with the SGMA ramp down will make the water situation worse
  + Possibility for bidding wars which could drive prices to become unreasonable
  + Dispute resolution potentially necessary (likely to need binding arbitration)

Themes for affected parties included:

* Disadvantaged communities and their water systems
* Groundwater-dependent ecosystems
* Irrigated versus non-irrigated agriculture
* Small farms and farming communities
* Less valuable crops
* Ecological restoration goals (e.g., San Joaquin)
* Downstream users

1. **General Comments and Reflections**

During this general comment session, Ms. Vu invited members of the public to make comments on the workshop and overall water market strategy. Topics included:

* Concern for creation of an accounting system to support market administration
* Desire to learn about other related case studies and lessons learned

1. **Recap, Next Steps and Closing Remarks**

In closing, Ms. Vu provided a recap of the proposed water market pilot project process timeline through 2021, focusing on objectives for the two upcoming 2020 workshops on April 30 and in December. She directed those interested in the presentation and summary to the County’s website where they will be posted.

Madera County staff members, Stephanie Anagnoson and Jeannie Habben, closed the meeting by thanking the attendees for their participation and valuable input on the project process.