



Madera County Water Market Strategy Webinar

Understanding Concerns (Meeting #2)

Thursday, April 30, 2020, 3:00 – 5:00 pm

Meeting and Participant Feedback Summary

This second meeting to inform the Madera County Water Market Strategy process took place on April 30, 2020 from 3:00 - 5:00 p.m. by webinar. In accordance with the directives provided by Governor Newsom (Executive Order N-25-20), this meeting was conducted as a virtual informational meeting. This document summarizes key outcomes from the meeting's presentations and participant comment on the following topics: water trading allocation under market strategy and SGMA, as well as water market structure and options to understand partner concerns. This document also captures key written feedback that partners provided in **Appendix A**. It is not intended to serve as a detailed transcript of the meeting.

Meeting Objectives

The primary objectives for the meeting were to:

- Provide project updates
- Share information on water trading allocation under market strategy and SGMA
- Review water market structure and options to understand partner concerns
 - Solicit *written* partner feedback
- Discuss next steps and partner solutions workshop

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 solutions to address concerns regarding affected parties and potential impacts to them.
2. Kearns & West consultant team to write summary of the Understanding Concerns webinar and participant feedback to be posted on the County website:
<https://www.maderacountywater.com/county-gsa-advisory-committees/>.

Meeting Participation

All participants were present on the webinar, except where noted as “phone only.” Names are listed as they were submitted.



1. A. Ramirez
2. Al Solis, Sol Development and Associates
3. Alan Reynolds
4. Alvara Hernandez
5. Amanda Monaco, LCJA
6. Andrew Ayres
7. Anna Sutton, Bureau of Reclamation
8. BG
9. Blake Davis
10. Brad
11. Brandon Tomlinson, Chowchilla Water District (phone only)
12. Brian Glover
13. Carlos Rincon
14. Chris Montoya
15. Christina Beckstead, Madera Farm Bureau
16. Clay Daulton, Madera County Cattlemen's Association
17. Collin English
18. Cory Broad
19. Darcy Vlot
20. David
21. David Sborov
22. David Tolmosoff
23. David Yacoby
24. DCN
25. Deanna Jackson
26. Devin Aviles, Agri-World Cooperative
27. Don Roberts, Gravelly Ford Water District
28. Don Wright, Water Wrights
29. Doug Welch,
30. Eddie Ocampo, Self Help Enterprises
31. Emil Lombardi
32. Erik Herman
33. Erik Smith
34. Geoff
35. Glenn Allen
36. Harold Brockman
37. J Paul Provenzano
38. Jack Rice, Madera Agricultural Water Association
39. Jacob Roberson
40. Jamie
49. Joseph Farmer
50. Joey G.
51. John Doe
52. John Smith, Smith Farms
53. Johnnie
54. Justin
55. Karen Petryna
56. Karun Samran
57. Ken Bonesteel
58. Ken Quandt
59. Kevin Olsen
60. Kristi Robinson
61. Larry
62. Laurel Angell
63. Lynda Keller
64. Malka Kopell
65. Manuel Leon, Self Help Enterprises
66. Mark Diaz
67. Mark Hutson
68. Marshall English
69. Matt Angell
70. Matt Hurley, McMullin Area GSA
71. Matt Kennedy
72. Melanie Aldridge
73. Michael Naito
74. Michele Lasgoity
75. Miquel Guerrero
76. Mike DeLaGuerra
77. Mitch Partovi, Waterfind
78. Nick Watterson
79. Paul Mesple, Henry Mesple Farms
80. Phil Janzen
81. P-R Farms
82. Rebecca Quist
83. Ricardo Lucero, Specialty Crop Company
84. Rick Iger, PnP
85. Rob Poythress, Board of Supervisors (phone only)
86. Sally Roberts
87. Sam Ramsey
88. Samantha



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| 41. Jason Howard | 89. Samantha Lopes |
| 42. Jason Rogers | 90. Sarah Woolf, Triangle T Water District |
| 43. Jean Okuye | 91. Sierra |
| 44. Jeremy Barroll | 92. Stacie Ann Silva |
| 45. Jim Kopshever, Harris Enterprises | 93. Thomas Coleman |
| 46. Joe Ramirez | 94. Todd Lewis, grower |
| 47. Joe Vived | 95. Tom Willey |
| 48. Joel Hastings, Water Wrights Newsletter | 96. Wayne Cederquist |

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. Reyna Castellanos, Lingüística
6. Emilia Rivera, Lingüística
7. Cici Vu, Kearns & West
8. Stephanie Campbell, Kearns & West
9. Jorge Kalil, Kearns & West

Meeting Key Outcomes (linked to agenda items)

1. Welcome, Introductions, Meeting Objectives, and Agenda Overview

Cici Vu, Kearns & West, meeting facilitator, opened the meeting, welcomed participants, and reviewed technical information regarding the webinar format. Ms. Vu stated the meeting was being recorded and reviewed roll call, telephone participation and interpretation protocols as well as webinar logistics. Ms. Vu then reviewed the meeting agenda items and meeting objectives.

Jeannie Habben, Madera County staff, gave opening remarks, stating a similar webinar format would be a possibility for the planned December 1, 2020 workshop, depending on state and federal guidance related to COVID-19. She stated that the meeting was framed by the Sustainable Groundwater Management Act (SGMA) requirements and addressed how a water market structure could assist Madera County to meet SGMA requirements while also addressing stakeholder concerns. Ms. Habben requested feedback from participants by email and the questionnaire sent out ahead of the webinar.

2. Update on Proposed Water Market Project and Review Partner Workshop 1 Outcomes

Ms. Vu reviewed the proposed pilot project timeline to highlight opportunities for partner engagement and input. Specifically, a third workshop on December 1, 2020 focused on developing solutions. A pilot project will begin in early 2021 based on input from the 2020 stakeholder engagement process.

Stephanie Campbell, Kearns & West, reviewed key issues from Partner Workshop 1 (February 25, 2020) including:



- Setting, managing, and tracking tradable allocations
- Year-to-year carryover
- Irrigated vs. non-irrigated land
- Geographic trading zones
- Water supply and quality protections for domestic and residential wells

Ms. Vu reminded participants to use the online comment form to follow along and give feedback throughout the presentation. This summary includes key points of participant feedback in Appendix A.

3. Water Trading Allocations Under Water Markets and SGMA

Stephanie Anagnoson, Madera County, and Greg Young, Tully & Young Comprehensive Water Planning, presented on water trading allocation under water markets and SGMA regulations, including the following topics:

- Overview of the Madera County sub-basins and associated Groundwater Sustainability Agencies (GSAs), native groundwater and current use amounts
- How a water market functions and how it can assist in meeting SGMA requirements

4. Water Market Structure and Options

Janet Clements, Corona Environmental Consulting, gave an overview of water market basics and water market structure options. She paused in between topics to allow participants to note and record their feedback. Ms. Clements covered the following:

- Overview of market basics including key prerequisites, role, structure, and rules of markets
- Four primary topics requiring participant input including rules for addressing additional concerns (e.g., adequately addressing potential negative impacts), allocation carryover, market exchange/trading options, and anonymity/confidentiality
- Importance of adaptively managing the market through continuously monitoring and reviewing sustainability indicators to ensure against adverse effects

5. Recap, Next Steps and General Comments

In closing, Ms. Vu provided a recap of the proposed pilot project process timeline through 2021, focusing on objectives for the December 1, 2020 solutions-focused meeting. She reminded participants to fill out the Survey Monkey questionnaire, email or mail feedback to Madera County to ensure their input would help to inform the December meeting. Ms. Vu directed those interested in the presentation and summary to the County's website where they will be posted.

During this general comment session, Ms. Vu invited members of the public to provide comments on the webinar and overall water market strategy. Two participants provided general comment as follows:

- Webinar participant:



- Inquiry as to whether cities will be held to the same native groundwater allocation per acre and, if so, will they have to purchase additional allocations if native allocations are exceeded; will sell or trade be allowed for cities below that allocation.
- Phone participant:
 - Concern regarding how transfer between basins would occur successfully
 - The informational webinar was the best option considering participant interaction was limited due to virtual format.

Ms. Anagnoson closed the meeting by thanking the attendees for their participation and valuable input on the water market strategy process and project.



APPENDIX A

Webinar Participants Feedback Summary

Below is a summary of participant feedback collected via a Survey Monkey questionnaire and email correspondence with Madera County, organized to align with the webinar presentations.

- Comments or concerns related to *strategies for protecting residential and municipal water sources* include:
 - Mitigation measures, such as trading ratios, to reduce adverse impacts must be supported by technical data and information
 - Contiguous properties with water use needs which offset one another should be able to “water balance” one another as long as an appropriate ratio threshold is reached
 - Annual rainfall on a given property should set the pumping limit without water trading occurring
 - Perform an impact analysis before allowing pumping beyond native yield allocations near residences or impacted areas within the basin (e.g., subsidence, excessive drawdown)
 - Converting grazing land adjacent to residential areas could exacerbate adverse impacts
 - Limit pumping around cities to protect municipal water supply
 - Accurate measurements of pumping amounts by appropriate mechanisms will be crucial
 - Penalties for excessive use of allocations
 - Determining the exact cause of adverse impacts will be challenging as impacts may be from trading activity or due to allowable overdraft from GSP parameters
- Comments or concerns related to *potential pilot Market rules or strategies for protecting against adverse effects*, include:
 - Allow for multi-year agreements to increase confidence in planting perennial crops (e.g., orchards)
 - Prioritize identifying the market’s accounting system before crafting strategies to mitigate adverse impacts and direct market toward overall goals
 - Setting timeframes for water trading
 - No carryover or sale of future allocations should be allowed
 - Allow for resale of water if water bought in a prior transaction was not used in the allowable timeframe
 - Sale should only be limited by pumping amount allowed
 - Elected officials should be able to reduce total annual allocations as necessary to appropriately curtail water use
 - Owners of retired agricultural land should be able to sell their future allotments
 - There should be no upper limit in buying water allocations
 - Monitoring and enforcement will be challenging and critical



- Capping how much water can be bought may adversely impact the region's agricultural economy
- Comments or concerns related to *potential pilot market rules related to carryover*, include:
 - Simulating a market may be more beneficial than running a pilot to ensure enough transaction data to inform ultimate water market parameters
 - Trading should only be allowed within the same basin, not between basins
 - Unused annual allocations should be left in the ground to contribute to aquifer recharge
 - Native yield should not carryover
 - Allowing carryover without strict limitations would allow for more market activity and a healthier overall market
 - More credits on the market means more flexibility and a healthier market
 - Those who are not pumping should be rewarded for not pumping
 - Carryover will be important to allow for natural fluctuations in how much water crops need year to year (e.g., young vs. mature trees)
 - Water could be hoarded if substantial carryover is allowed
 - In wet years, growers can purchase most of the water to meet their needs from irrigation districts and there should be a market mechanism to encourage this
 - Carryover and other types of market flexibility are crucial, within reason
- Comments or concerns regarding the way that *market exchanges* could be made, include:
 - Price transparency for transactions is essential for market efficiency and confidence
 - Create a registry identifying what is available for sale
 - Transparency is a cost of participating in a market
 - Employing a market administrator will be crucial to screen who is allowed to pump what amount to inform market impact analysis
 - Brokerage will create unnecessary cost burdens
 - Auctioning will lead to inflated water costs
- Comments or concerns about *public disclosure of price* or other information on individual market transactions, include:
 - Buyer and sellers should remain anonymous
 - Buyers and sellers must be made transparent and publicly accessible because water is a public good
 - At the least, aggregate price data should be disclosed, if not also data for individual transactions
 - Price by acre foot should be available
 - Aggregate transactions can be reviewed and reported annually by a market administrator to retain some confidentiality
 - Individual transactions should be confidential while aggregate information should be made available
- Comments or concerns regarding potential *strategies related to confidentiality and anonymity* in the market, include:



- Markets are more functional and effective when a greater amount of information is available
- Full transparency is preferable
- Prices could be kept confidential while amounts should be disclosed
- Identities of buyers and sellers must be kept confidential to avoid adverse impacts based on interpreting market data
- Aggregate data should be public while individual data should be kept confidential to avoid bad publicity for agricultural users
- No case for confidentiality of water sales
- Comments or feedback on the *market structure and options*, include:
 - Water markets are not a good idea
 - Allocation and accounting rules must be in place before discussion of impacts can be discussed
 - Parcels with no previous year water use should not be allowed to transfer
 - Properties in subsidence areas should be prohibited from buying water from the market
 - An electronic market would be the most efficient at the lowest cost with the best outcome
 - Public input should be formalized in the market development process through establishment of a steering or ad hoc committee
 - Allocation methodology must be grounded in a strong legal foundation, such as historical pumping data, rather than an equal-per-gross acre approach
 - Sellers must know the exact amount of water they have for use or transfer
 - Basin-scale trading should be allowed at a minimum
 - A centralized online registry will provide the most effective and efficient trading system for a water market
 - Measurement and accounting of water use and allocations must be timely, accurate, and easily accessible
 - Market users must be confident in the market system, rule enforcement, and information accuracy
 - Carryover timelines must be based on actual hydrogeologic conditions
 - Adaptive management with periodic review is key
 - Irrigated and non-irrigated acres should not be allocated native yield shares equally because allocations should be based upon demonstrated use of native groundwater
 - Water consumption measuring systems must be in place for each landowner
 - Fees from excess water pumped beyond native groundwater should be invested in water supply projects and a fallowing program to meet water use reduction goals
 - Increasing the robustness of the groundwater level monitoring network will help to reduce uncertainty in groundwater models