



## **Madera County Water Market Strategy Webinar**

*Develop Solutions (Meeting #3)*

*Tuesday, December 1, 2020, 3:00 – 5:00 pm*

### **Meeting and Participant Feedback Summary**

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This third and last partner meeting to inform the Madera County Water Market Strategy process took place on December 1, 2020 from 4:00 - 6:00 p.m. by webinar. This document summarizes key outcomes from the meeting's presentations and participant comments on the following topics: water trading allocation under market strategy and SGMA, as well as water market structure and options to understand partner concerns. It is not intended to serve as a detailed transcript of the meeting.

#### **Meeting Objectives**

The primary objectives for the meeting were to:

- Review outcomes from previous partner engagement
- Share water market impacts analysis results
- Present market structure and rules for pilot project
- Provide an overview of pilot project process and recruit participants

#### **Action Items**

Key action items from the meeting include the following:

1. Kearns & West consultant team to develop summary of the Develop Solutions webinar and participant feedback to be posted on the County website at:  
<https://www.maderacountywater.com/county-gsa-advisory-committees/>.
2. County staff to follow up with specific participants regarding questions asked during the webinar.

#### **Meeting Participation**

All participants were present on the webinar. *Names are listed as they were submitted.*

- |   |                             |
|---|-----------------------------|
| 1. Stephanie Anagnoson, Madera County                     | 41. James Unti              |
| 2. Jeannie Habben, Madera County                          | 42. Jean Okuye              |
| 3. Kirsten Hefner, Madera County                          | 43. Jim                     |
| 4. Greg Young, Tully & Young Comprehensive Water Planning | 44. Joe Fiss                |
| 5. Janet Clements, Corona Environmental Consulting        | 45. Joey Giordano           |
| 6. Sean Spaeth, Wood Rodgers                              | 46. Joseph Gallegos         |
| 7. Cici Vu, Kearns & West                                 | 47. Karen Merino Cederquist |



8. Abby Fullem, Kearns & West
9. Cooper Tamayo, Kearns & West
10. Emilia Rivera, Lingüística
11. Reyna Rodriguez, Lingüística
12. Al Solis
13. Amer Hussain
14. Angela Islas
15. Austin LaSalle
16. B. Tomlinson
17. BC
18. Bev
19. Bill Diedrich
20. Bob
21. Bruce Gee
22. Bryant
23. Carlos Rincon
24. Christina
25. Claire Sheridan
26. Clay Daulton
27. Clayton Haynes
28. Dana Pressley
29. Daniel Mortenson
30. Dave
31. DINA
32. dmpressley
33. Doug Welch
34. Chris Montoya, DWR
35. Eddie Ocampo
36. Ellen Bruno
37. Erik Herman
38. Gary Dhillon
39. IgalTreibatch
40. Jack Rice
48. Karun Samran
49. Katie D
50. Kay
51. Keith Helmuth
52. Ken Bonesteel
53. Kevin Olsen
54. Kirsten Hefner
55. Kristi Robinson
56. Laura Satterlee, Self Help Enterprises
57. Leonard Garoupa
58. Madeline Harris
59. Malka Kopell
60. Manuel Leon Jr.
61. Mark Hutson
62. Matt Brady
63. Matt Maringer
64. Matthew Tolmachoff
65. MCFB Boardroom
66. Michael Linden
67. Michael Naito
68. Mike DeLaGuerra
69. Patrick Ricchiuti
70. Paul Woodworth
71. Rhett Anderson
72. Ricardo Lucero-Ambrosio
73. Robert Poythress
74. Stacie Ann Silva
75. Ted Anagnoson
76. Thomas Greci
77. Tina Unti
78. Todd Lewis
79. Wayne Cederquist

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

#### **Welcome, Introductions, Meeting Objectives, and Agenda Overview**

Cici Vu of Kearns & West, meeting facilitator, opened the meeting, welcomed participants, and reviewed logistical information regarding the webinar format. Ms. Vu reviewed roll call, telephone participation and interpretation protocols, and webinar logistics. Ms. Vu then reviewed the meeting agenda items and meeting objectives.



Stephanie Anagnoson, Madera County, gave opening remarks and reviewed the meeting objectives. She stated that Madera County staff had worked hard to analyze what a potential water market would look like, and that this workshop would focus on the proposed rules for the pilot market simulation. Ms. Anagnoson requested feedback from participants by email and the questionnaire sent out ahead of the webinar.

In an effort to streamline the roll call, Ms. Vu introduced the project team and requested that participants complete a poll to indicate their affiliations. Ms. Vu reviewed the poll results, which are included in the **Appendix A**.

### **Outcomes from Previous Partner Engagement**

Jeannie Habben, Madera County, presented on partner engagement regarding the pilot market simulation to date. Ms. Habben reviewed the pilot project timeline, which includes conducting the market simulation from January to October, 2021. She then reviewed past meetings, which included:

- **February 25, 2020:** The Defining Opportunities Workshop (meeting #1), which focused on the basic tenets of groundwater markets, including concepts such as tradable allocations, carryover, municipal and domestic well protections, irrigated vs. non-irrigated land, geographic trading zones, and market exchanges/platforms.
- **April 30, 2020:** The Understanding Concerns Informational Webinar (meeting #2), which reviewed market basics including the structure, rules, and role of the market, and key topics including native groundwater allocations, market exchanges/platforms, and confidentiality on market transactions.

### **Pilot Project – Overview and General Market Structure**

Janet Clements, Corona Environmental Consulting, presented on the proposed structure of the pilot project market simulation. Ms. Clements covered the following:

- **Key Goals:** The goals of a water market are to enable more efficient allocation of limited resources, establish rules to protect domestic water supplies, decrease negative impacts associated with water use reduction, and provide more flexibility to landowners.
- **Key Tenets:** The water market will include buyers and sellers trading water allocations, not water rights. These trades are not permanent, but apply to the year the trade occurred.
- **Pilot Program Background and Objectives:** The pilot market simulation will be conducted virtually, with participants completing simulated trades under varied market conditions. This will allow Madera County to test market structure and rules, as well as gather participant feedback and understand participant decisions.
- **Pilot Market Structure:** The pilot market will allow trade of sustainable yield (SY) allocations, but not transitional water. Any agricultural water users in the County with groundwater allocations can participate in the pilot market simulation. A market administrator will accept bids for water to be sold or purchased electronically, and will then match buyers and sellers based on specific criteria. The County will publish data on total water sales by farm unit zone, but not parties associated with individual sales.

Following the presentation, workshop participants asked for clarification or provided feedback on the presentation and related topics. Questions and responses are summarized as follows:



- Question: How will pilot participants be chosen?
  - Response: Any agricultural water user in the County can participate in the pilot market simulation, and it is hoped that as many participants will sign up for the pilot as are interested.
- Question: Will this market be implemented in all subbasin groundwater sustainability agencies (GSAs)?
  - Response: This pilot project will be a simulation only, and real market implementation is not being discussed at this time.
- Question: What is transitional water?
  - Response: Sustainable Yield (SY) water is naturally occurring through processes such as precipitation and infiltration, and transitional water is water over and above SY water that can be used over the next 20 years during the transition to using only SY water.
- Question: How is “equitable” defined for this market?
  - Response: The County has discussed this question, and what parties are included in equity goals, but that they have not yet clarified a definition. The County is working to develop a market that is fair to the people and groups involved. The pilot market was designed to create equitable access, and the facilitated market approach is one that all participants can access in the same way.
- Question: Can farm recharge water be traded in the market?
  - Response: The pilot market simulation will be based on groundwater supply, and the potential to include farm recharge has not yet been considered.
- Question: Are there concerns that larger agricultural producers will over-purchase water allocations?
  - Response: This question will be addressed during the presentation on potential market impacts and rules.
- Question: What is the measure of efficiency in the market?
  - Response: The County will not be measuring efficiency, and participants will make their own decisions about whether to buy or sell water.
- Question: Can non-irrigated land allocations participate in the market?
  - Response: If the land has not been irrigated in the past five years it is not eligible to participate in the pilot market.

### **Pilot Project – Potential Market Impacts and Rules**

Sean Spaeth, Wood Rodgers, and Janet Clements, Corona Environmental Consulting, presented on the analysis of potential market impacts and rules under consideration. Impacts considered could relate to any user, but the analysis focused on disadvantaged communities, municipal wells, domestic groundwater users, infrastructure, and areas of potential groundwater/surface water interaction. Potential market impacts were identified as follows: groundwater level lowering, land subsidence, groundwater/surface water interaction, and changes in water quality.

To analyze potential impacts, Wood Rodgers and Corona Environmental divided Madera County into trade zones. Throughout the pilot market simulation, impacts will be assessed by considering volumes of



water bought and sold between trade zones to monitor imbalances in groundwater distribution. Potential lowering of groundwater will also be monitored at municipal and domestic wells throughout the pilot market simulation.

Mr. Spaeth and Ms. Clements presented on the market rules that will be tested during the pilot market simulation. A key objective of the pilot project is to test market rules and their potential impacts. The rules under consideration include:

- **Trading zones:** Initially the market will not allow trading across subbasins or outside the County but will allow trading across trade zones. These rules may be changed during the pilot to test the market impacts.
- **Buffer areas:** The pilot market simulation will test the impact of trade within certain buffer areas, such as those surrounding wells.
- **Carryover:** Buyers and sellers may carryover one years' worth of SY allocation into the following year.
- **Matching buyers and sellers:** The pilot market simulation will test rules surrounding matching buyers and sellers, such as prioritizing certain trades or facilitating multi-year trades.

Following the presentation, participants were polled with the following question:

*As a potential participant in an actual market, how often would you want the opportunity to make trades?*

Ms. Clements reviewed poll responses, and noted that most participants indicated they would want the opportunity to make trades weekly or monthly. The full poll results are included in the **Appendix A**.

Participants were then invited to ask questions and provide comment regarding the presentation and related topics. Questions, comments, and responses are summarized as follows:

- Question: Will there be pooling of buyers and sellers to establish consistent pricing?
  - Response: No pooling is envisioned for the market. Buyers and sellers will be matched according to how much they are willing to pay and accept.
- Question: Will non-irrigated land be forbidden from pumping?
  - Response: No, but only agricultural land will be included in the market.
- Question: Is the buffer around domestic wells a zone where no trading can occur?
  - Response: Not initially, but the effects of pumping in buffer zones will be monitored during the pilot market simulation.
- Comment: Other water markets are based on the use of crops. It seems unrealistic that trading will happen weekly.
- Comment: Frequent trading opportunities could disperse the market across trading events.
- Comment: Consider looking at rules for pricing and trading treasury notes and applying those to the pilot market simulation.

Participants were then presented with the following discussion questions, and asked to provide comments and feedback:



*Which of the market rules that will be tested as part of the pilot do you find most appealing?  
Why?*

*Which of the market rules that will be tested as part of the pilot do you find most concerning?  
Why?*

Participant input included:

- Buffer zones would prevent farms located within from purchasing additional water.
- Carryover should be allowed for 5 – 10 years to protect against long-term droughts.
- Transitional water should be included in the market initially to create market supply.
- A “market maker” could stabilize the market by providing initial supply and demand, and helping to calibrate prices.

Participants were then invited to provide other questions and comments regarding the pilot market structure, rules, and potential impacts. Questions and responses are summarized as follows:

- Question: How will the market simulation predict real-world impacts?
  - Response: The pilot simulation will be used to monitor purchases by crop type, volume of sales, and other metrics to give an understanding of water use within buffer areas or other areas of concern.
- Question: Will adverse impacts be determined solely based on the MT for groundwater levels?
  - Response: Adverse impacts will be determined through a holistic assessment.

### **Pilot Project – Process and Recruitment**

Ms. Clements reviewed the process for registering to join the pilot market simulation. She invited participants to register by December 31, 2020, and noted that a kickoff webinar will be held on January 13, 2021. Participants can register for the pilot market simulation with this link:

<https://www.maderacountywater.com/water-markets/>

Ms. Clements explained that the pilot market will include monthly simulations, and that the County would provide participants with relevant market information each month.

Participants were then presented with the following question and asked to provide comments and feedback:

*Which aspects of the pilot market might be confusing or challenging for participants to navigate?*

Participant input included:

- The County should clearly define that the pilot market simulation is intended for Madera County GSA participants. There is some confusion about this throughout the County.
- Allowing sale of transitional water would create a supply that farmers can capitalize on in the market. Disadvantaged communities would be more incentivized to sell transitional water to maintain equity through sales.



Participants were presented with the following question and asked to provide comments and feedback:

*As a participant in the pilot market program, what additional information would you need to decide to buy or sell groundwater allocations and participate in monthly trading simulations?*

One participant provided input on additional information that would be useful for deciding to participate in the market and asked the following question: What will happen if an agricultural water user chooses not to participate? Are there downsides to not participating, and are there costs to getting started with the market?

### **Next Steps and General Comments**

Ms. Vu reviewed next steps, including the pilot project kickoff on January 13, 2021. She then invited participants to provide general comments on the webinar and pilot market simulation. One participant provided general comment as follows:

- The pilot market simulation will be useful for the County by providing information about potential impacts and valuable feedback from participants on their experience with the market simulation.

Ms. Anagnoson thanked participants for their participation and input throughout the partner engagement process and indicated that she anticipates seeing many partners through the pilot market next year.

Ms. Vu adjourned the meeting.



## APPENDIX A

### Poll Results

Participants were asked polling questions during the meeting and provided their responses through the webinar polling platform. The results of the poll are included below.

#### Roll call poll.

With which GSA are you affiliated, if any? Select all that apply.	
Madera Subbasin - Madera County GSA	30
Chowchilla Subbasin – Madera County GSA	15
None	15
Other	12
Madera Subbasin - Madera Irrigation District GSA	11
Farmer and resident of Madera County	9
Farmer and non-resident of Madera County	8
I am with a local agency	8
Chowchilla Subbasin – Chowchilla Water District GSA	5
Chowchilla Subbasin – Triangle T Water District	5
Madera Subbasin - Gravelly Ford Water District GSA	3
Madera Subbasin - Root Creek Water District GSA	3
Madera Subbasin - City of Madera GSA	2
Madera Subbasin - Madera Water District GSA	2
Delta-Mendota Subbasin – Aliso Water District GSA	1
Madera Subbasin - New Stone Water District GSA	1
Resident of Madera County who does not farm	1

#### Pilot Project – Potential Market Impacts and Rules

As a potential participant in an actual market, how often would you want the opportunity to make trades?	
Weekly	9
Monthly	7
Every other week	3
Every other month	2