S-4666.2

## SUBSTITUTE SENATE BILL 6267

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State of Washington 61st Legislature 2010 Regular Session

By Senate Environment, Water & Energy (originally sponsored by Senators Rockefeller and Honeyford; by request of Department of Ecology)
READ FIRST TIME 02/05/10.

- AN ACT Relating to water right processing improvements; amending RCW 90.03.265, 90.03.255, 90.14.065, and 90.44.055; adding new sections
- 3 to chapter 90.03 RCW; adding new sections to chapter 90.44 RCW; and
- 4 creating a new section.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- NEW SECTION. Sec. 1. Water is an essential element for economic prosperity and it generates new, family-wage jobs and state revenues.
- 8 However, a substantial backlog exists for water right applications.
- 9 Competition for water is increasing in the face of additional growth
- 10 and the decision-making process has become more complex. It is the
- intent of the legislature to provide the department of ecology with the
- 12 necessary tools to eliminate the backlog of applications while
- 13 retaining the staff at the department with expertise in processing
- 14 permit applications.
- 15 **Sec. 2.** RCW 90.03.265 and 2003 c 70 s 6 are each amended to read 16 as follows:
- 17  $\underline{(1)(a)}$  Any applicant for a new withdrawal or a change, transfer, or
- 18 amendment of a water right pending before the department((-)) may

p. 1 SSB 6267

initiate a cost-reimbursement agreement with the department to provide expedited review of the application. A cost-reimbursement agreement may ((only)) be initiated under this section if the applicant agrees to pay for, or as part of a cooperative effort agrees to pay for, the cost of processing his or her application and all other applications from the same source of supply which must be acted upon before the applicant's request because they were filed prior to the date of when the applicant filed.

- (b) The requirement to pay for the cost of all other applications from the same source of supply under (a) of this subsection does not apply if the application for a new appropriation or a change, transfer, or amendment of a water right would not diminish the water available to earlier pending applicants from the same source of supply, such as an application that provides a water impoundment or other water resource management mitigation technique under RCW 90.03.255 or 90.44.055 acceptable to the department.
- (c) The department <u>may enter into cost-reimbursement agreements</u> provided resources are available and shall use the process established under RCW 43.21A.690 for entering into cost-reimbursement agreements. The department's share of work related to a cost-reimbursement application, such as final certificate approval, must be prioritized within the framework of other water right processing needs and as determined by agency rule.
- (d) Each individual applicant is responsible for his or her own appeal costs that may result from a water right decision made by the department. In the event that an applicant's water right approval is appealed under chapter 43.21B RCW by a third party, the applicant for the water right in question must reimburse the department for the cost of defending the decision.
- (2) In pursuing a cost-reimbursement project, the department must determine the source of water proposed to be diverted or withdrawn from, including the boundaries of the area that delimits the source. The department must determine if any other water right permit applications are pending from the same source. A water source may include surface water only, groundwater only, or surface and groundwater together if the department finds they are hydraulically connected. The department shall consider technical information

1 <u>submitted</u> by the applicant in making its determinations under this

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3 <u>NEW SECTION.</u> **Sec. 3.** A new section is added to chapter 90.03 RCW 4 to read as follows:

The water rights processing account is created in the state treasury. All receipts from the fees collected under sections 4 and 10 of this act must be deposited into the account. Money in the account may be spent only after appropriation. Expenditures from the account may only be used to support the processing of water right applications for a new appropriation, change, transfer, or amendment of a water right as provided in this chapter and chapters 90.42 and 90.44 RCW.

- NEW SECTION. Sec. 4. A new section is added to chapter 90.03 RCW to read as follows:
- 14 (1) The department may expedite processing of applications within 15 the same water source:
  - (a) On its own volition;
- 17 (b) Upon receipt of written requests from at least one-half of the applicants with pending applications from a water source;
  - (c) Upon receipt of a written request or recommendation from a watershed planning unit; or
  - (d) Upon receipt of a resolution of a county or city legislative authority with jurisdiction over the area in which the water source is located.
    - (2) If the department determines that the public interest is best served by expediting applications within a water source, the department must notify in writing all persons who have pending applications on file for a new appropriation, change, transfer, or amendment of a water right from that water source. A water source may include surface water only, groundwater only, or surface and groundwater together if the department determines that they are hydraulically connected. The notice must be made by way of mail and by publication in a newspaper of general circulation in the area where affected properties are located.
- 33 The notice must:
- 34 (a) Inform those applicants that expedited processing of applications with the described water source is being initiated;

p. 3 SSB 6267

- (b) Provide to individual applicants an estimate of factors affecting whether the application as filed will be approved or denied;
  - (c) Provide to individual applicants the estimated cost for having an application processed on an expedited basis;
  - (d) Provide an estimate of how long the expedited process will take before an application is approved or denied; and
  - (e) Provide at least sixty days for the applicants to respond in writing regarding the applicant's decision to participate in the expedited processing of their applications.
  - (3) The department must determine the full cost to process all the applications within the water source on an expedited basis and those costs must be recovered through expedited processing fees. The department shall calculate an expedited processing fee based on the quantity of water requested by the applicant, except that no expedited processing fee may be more than twenty-five thousand dollars. The department may adjust the estimated costs for each participant based on those applicants electing to participate.
  - (4) The expedited processing fee must be collected by the department prior to the expedited processing of an application. An applicant who has stated in writing that he or she wants his or her application processed using the expedited procedures in this section must transmit the processing fee within thirty days of the written request. Failure to do so will result in the applicant not being included in expedited processing for that water source. The department shall waive the expedited processing fee for good cause shown.

NEW SECTION. Sec. 5. A new section is added to chapter 90.03 RCW to read as follows:

- (1)(a) The department shall place a pending application for appropriation from a particular water source into project-dependent status where a proposed water supply development project or projects could feasibly make water available for the application. The department may make such a determination:
  - (i) On its own volition;

- (ii) Upon receipt of a written request from an applicant;
- 35 (iii) Upon receipt of a written request or recommendation from a 36 watershed planning unit; or

- 1 (iv) Upon receipt of a resolution of a county or city legislative 2 authority with jurisdiction over the area in which the water source is 3 located.
  - (b) The department shall notify all persons holding pending applications of that determination. Each applicant retains his or her priority date while in project-dependent status. Pending applications in project-dependent status terminate automatically ten years after placement into project-dependent status unless extended by the department for good cause shown. In no case may the department extend project-dependent status for any application by more than twenty years from the date such an application was initially placed into project-dependent status.
  - (2)(a) The department shall place pending applications for appropriation from a particular water source from a municipal water applicant into municipal pending status when the municipal water applicant has an approved water system plan under chapter 43.20 RCW that outlines projected future water demand and how the applicant intends to acquire the water to supply those demands. The department may make such a determination:
    - (i) On its own volition;

- 21 (ii) Upon receipt of a written request from a municipal water 22 applicant;
- 23 (iii) Upon receipt of a written request or recommendation from a 24 watershed planning unit; or
  - (iv) Upon receipt of a resolution of a county or city legislative authority with jurisdiction over the area in which the water source is located.
  - (b) The department shall notify all municipal water applicants holding pending applications of that determination. Each municipal water applicant retains its priority date while in municipal pending status.
  - (3) The department shall place pending applications for appropriation from a particular water source into dormant status when an applicant requests such status under section 4 of this act. The department shall notify an applicant holding pending applications of that determination. Each applicant retains his or her priority date while in dormant status. An applicant may later request in writing,

p. 5 SSB 6267

- upon payment of an expedited processing fee, that the department process the applicant's application.
  - (4) A final determination made by the department under this section is appealable to the pollution control hearings board as authorized under chapter 43.21B RCW.
- 6 <u>NEW SECTION.</u> **Sec. 6.** A new section is added to chapter 90.03 RCW 7 to read as follows:
  - (1) The department shall establish and maintain a list of certified water right examiners. Certified water right examiners on the list are eligible to perform final proof examinations of permitted water uses leading to the issuance of a water right certificate. The list must be updated annually and must be made available to the public through written and electronic media.
  - (2) In order to qualify, an individual must be registered in Washington as a professional engineer, professional land surveyor, or registered hydrogeologist, demonstrate at least five years of applicable experience to the department, or be a board member of a water conservancy board. Qualified individuals must also pass a written examination prior to being certified by the department. Such an examination must be administered by either the department or an entity formally approved by the department. Each certified water right examiner must demonstrate knowledge and competency regarding:
    - (a) Water law in the state of Washington;
  - (b) Measurement of the flow of water through open channels and enclosed pipes;
    - (c) Water use and water level reporting;
    - (d) Estimation of the capacity of reservoirs and ponds;
  - (e) Irrigation crop water requirements;
    - (f) Aerial photo interpretation;

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- (g) Legal descriptions of land parcels;
- 31 (h) Location of land and water infrastructure through the use of 32 maps and global positioning;
  - (i) Proper construction and sealing of well bores; and
- (j) Other topics related to the preparation and certification of water rights in Washington state.
- 36 (3) Except as provided in subsection (8) of this section, upon 37 completion of a water appropriation and putting water to beneficial

use, in order to receive a final water right certificate, the permit holder must secure the services of a certified water right examiner who has been tested and certified by the department. The examiner shall carry out a final examination of the project to verify its completion and to determine and document for the permit holder and the department the amount of water that has been appropriated for beneficial use, the location of diversion or withdrawal and conveyance facilities, and the actual place of use. The examiner shall take measurements or make estimates of the maximum diversion or withdrawal, the capacity of water storage facilities, the acreage irrigated, the type and number of residences served, the type and number of stock watered, and other information relevant to making a final determination of the amount of water beneficially used. The examiner shall make photographs of the facilities to document the use or uses of water and the photographs must be submitted with the examiner's report to the department. department shall specify the format and required content of the reports and may provide a form for that purpose.

- (4) The department may suspend or revoke a certification based on poor performance, malfeasance, failure to acquire continuing education credits, or excessive complaints from the examiner's customers. The department may require the retesting of an examiner. The department may interview any examiner to determine whether the person is qualified for this work. The department shall spot-check the work of examiners to ensure that the public is being competently served. Any person aggrieved by an order of the department including the granting, denial, revocation, or suspension of a certificate issued by the department under this chapter may appeal pursuant to chapter 43.21B RCW.
- (5) The decision regarding whether to issue a final water right certificate and in what amounts and other particulars is solely the responsibility and function of the department.
- (6) Each certified water right examiner must complete eight hours annually of qualifying continuing education in the water resources field. The department shall determine and specify the qualifying continuing education and shall inform examiners of the opportunities. The department shall track whether examiners are current in their continuing education and may suspend the certification of an examiner who has not complied with the continuing education requirement.

p. 7 SSB 6267

1 (7) Each certified water right examiner must be bonded for at least 2 fifty thousand dollars.

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- (8) The department may waive the requirement to secure the services of a certified water right examiner in situations in which the department deems it unnecessary for purposes of issuing a certificate of water right.
- (9) The department shall establish and collect fees for the examination, certification, and renewal of certification of water right examiners. Pursuant to RCW 43.135.055, the department is authorized to set fees for examination, certification, and renewal of certification for water right examiners.
- 12 (10) The department may adopt rules appropriate to carry out the 13 purposes of this section.
- 14 **Sec. 7.** RCW 90.03.255 and 1997 c 360 s 2 are each amended to read 15 as follows:
  - (1) The department shall, when evaluating an application for a water right, transfer, or change filed pursuant to RCW 90.03.250 or 90.03.380 that includes provision for any water impoundment or other resource management technique, take into consideration the benefits and costs, including environmental effects, of any water impoundment or other resource management technique that is included as a component of The department's consideration shall extend to any the application. increased water supply that results from the impoundment or other resource management technique, including but not limited to any recharge of groundwater that may occur, as a means of making water available or otherwise offsetting the impact of the diversion of surface water proposed in the application for the water right, transfer, or change. Except as provided in subsection (2) of this section, provision for an impoundment or other resource management technique in an application shall be made solely at the discretion of the applicant and shall not otherwise be made by the department as a condition for approving an application that does not include such provision.
- (2) If the department has made a final determination by adoption of rules, order, or other appealable agency action that no water remains available for any unmitigated new appropriation from a water source, the department shall notify all persons holding pending applications to

divert water from the source of the determination. The department's determination and notice shall be specific in describing the affected stream reaches, the extent of groundwater hydraulically connected to those reaches, and, when applicable, the location and season in which water is unavailable for use. The notice must be made by mail and by publication in a newspaper of general circulation in the area where affected properties are located and must include requirements as prescribed in subsection (3) of this section.

- (3)(a) Within one year after the date notification is mailed, the department may issue an order requiring each applicant to amend his or her application to include provisions for a water impoundment or other resource management technique as provided in subsection (1) of this section that would ensure that, if the application were granted, the effects of the diversion would not impair any senior water right, adopted instream flows, or closed water sources.
- (b) An applicant must amend his or her application within three years after the date of the order issued by the department in (a) of this subsection to amend his or her application to include provisions for a water impoundment or other resource management technique as provided in subsection (1) of this section that would ensure that, if the application were granted, the effects of the diversion would not impair any senior water right, adopted instream flows, or closed water sources. If an applicant fails to amend his or her application within the prescribed time, the department shall issue an order denying the application.
- (c) The department shall issue a decision on a water right application that has been amended to include provisions for a water impoundment or other resource management technique as provided in subsection (1) of this section that would ensure that, if the application were granted, the effects of the diversion would not impair any senior water right, adopted instream flows, or closed water sources.
- 33 (d) For good cause shown, including demonstrated diligence in 34 working to identify a water impoundment or resource management 35 technique, the department may, in response to a written request from an 36 applicant, extend the time to submit the amended application required 37 in this subsection by no more than five additional years.

p. 9 SSB 6267

- (e) Upon the written request of any applicant who requests it, the department shall provide a contact list of all other applicants who received notification under this subsection for purposes of enabling applicants to coordinate among each other to develop plans for water impoundment or other resource management technique required by this subsection.
  - (4) This section does not lessen, enlarge, or modify the rights of any riparian owner, or any existing water right acquired by appropriation or otherwise.
- 10 (5) A final determination made by the department under this section 11 is appealable to the pollution control hearings board as authorized 12 under chapter 43.21B RCW.

- **Sec. 8.** RCW 90.14.065 and 1987 c 93 s 1 are each amended to read 14 as follows:
  - (1)(a) Any person or entity, or successor to such person or entity, having a statement of claim on file with the water rights claims registry ((on April 20, 1987,)) may submit to the department of ecology for filing( $(\tau)$ ) an amendment to such a statement of claim if the submitted amendment is based on:
  - $((\frac{1}{1}))$  (i) An error in estimation of the quantity of the applicant's water claim prescribed in RCW 90.14.051 if the applicant provides reasons for the failure to claim such right in the original claim;
    - $((\frac{(2)}{2}))$  (ii) A change in circumstances not foreseeable at the time the original claim was filed, if such change in circumstances relates only to the manner of transportation or diversion of the water and not to the use or quantity of such water; or
      - $((\frac{3}{3}))$  (iii) The amendment is ministerial in nature.
    - (b) The department shall accept any such submission and file the same in the registry unless the department by written determination concludes that the requirements of (a)(i), (ii), or (iii) of this subsection (((1), (2), or (3))) of this section)) have not been satisfied.
- (2) A surface water right claim may be changed or transferred in the same manner as a permit or certificate under RCW 90.03.380, and a water right claim for groundwater may be changed or amended in the same manner as a permit or certificate under RCW 90.44.100. However, RCW

- 90.44.100(4) applies as follows: For a water right claim, the
  "location of the original well or wells" is the area up to one-quarter
  mile radius from the current well or wells.
  - (3) Any person aggrieved by a determination of the department may obtain a review thereof by filing a petition for review with the pollution control hearings board within thirty days of the date of the determination by the department. The provisions of RCW 90.14.081 shall apply to any amendment ((filed)) approved under this section.
- 9 <u>NEW SECTION.</u> **Sec. 9.** A new section is added to chapter 90.44 RCW to read as follows:
- Applications to appropriate groundwater under a cost-reimbursement agreement must be processed in accordance with RCW 90.03.265 when an applicant requests the assignment of a cost-reimbursement consultant as provided in RCW 43.21A.690.
- NEW SECTION. Sec. 10. A new section is added to chapter 90.44 RCW to read as follows:
- 17 (1) The department may expedite processing of applications within 18 the same water source:
- 19 (a) On its own volition;

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- 20 (b) Upon receipt of written requests from at least one-half of the applicants with pending applications from a water source;
- 22 (c) Upon receipt of a written request or recommendation from a 23 watershed planning unit; or
  - (d) Upon receipt of a resolution of a county or city legislative authority with jurisdiction over the area in which the water source is located.
  - (2) If the department determines that the public interest is best served by expediting applications within a water source, the department must notify in writing all persons who have pending applications on file for a new appropriation, change, transfer, or amendment of a water right from that water source. A water source may include surface water only, groundwater only, or surface and groundwater together if the department determines that they are hydraulically connected. The notice must be made by way of mail and by publication in a newspaper of general circulation in the area where affected properties are located.

36 The notice must:

p. 11 SSB 6267

- 1 (a) Inform those applicants that expedited processing of applications with the described water source is being initiated;
  - (b) Provide to individual applicants an estimate of factors affecting whether the application as filed will be approved or denied;
  - (c) Provide to individual applicants the estimated cost for having an application processed on an expedited basis;
  - (d) Provide an estimate of how long the expedited process will take before an application is approved or denied; and
  - (e) Provide at least sixty days for the applicants to respond in writing regarding the applicant's decision to participate in expedited processing of their applications.
  - (3) The department must determine the full cost to process all the applications within the water source on an expedited basis and those costs must be recovered through expedited processing fees. The department shall calculate an expedited processing fee based on the quantity of water requested by the applicant, except that no expedited processing fee may be more than twenty-five thousand dollars. The department may adjust the estimated costs for each participant based on those applicants electing to participate.
  - (4) The expedited processing fee must be collected by the department prior to the expedited processing of an application. An applicant who has stated in writing that he or she wants his or her application processed using the expedited procedures in this section must transmit the processing fee within thirty days of the written request. Failure to do so will result in the applicant not being included in expedited processing for that water source. The department shall waive the expedited processing fee for good cause shown.

NEW SECTION. Sec. 11. A new section is added to chapter 90.44 RCW to read as follows:

- (1)(a) The department shall place a pending application for appropriation from a particular water source into project-dependent status where a proposed water supply development project or projects could feasibly make water available for the application. The department may make such a determination:
  - (i) On its own volition;

(ii) Upon receipt of a written request from an applicant;

- 1 (iii) Upon receipt of a written request or recommendation from a 2 watershed planning unit; or
  - (iv) Upon receipt of a resolution of a county or city legislative authority with jurisdiction over the area in which the water source is located.
  - (b) The department shall notify all persons holding pending applications of that determination. Each applicant retains his or her priority date while in project-dependent status. Pending applications in project-dependent status terminate automatically ten years after placement into project-dependent status unless extended by the department for good cause shown. In no case may the department extend project-dependent status for any application by more than twenty years from the date such an application was initially placed into project-dependent status.
  - (2)(a) The department shall place pending applications for appropriation from a particular water source from a municipal water applicant into municipal pending status when the municipal water applicant has an approved water system plan under chapter 43.20 RCW that outlines projected future water demand and how the applicant intends to acquire the water to supply those demands. The department may make such a determination:
  - (i) On its own volition;

- 23 (ii) Upon receipt of a written request from a municipal water 24 applicant;
  - (iii) Upon receipt of a written request or recommendation from a watershed planning unit; or
  - (iv) Upon receipt of a resolution of a county or city legislative authority with jurisdiction over the area in which the water source is located.
  - (b) The department shall notify all municipal water applicants holding pending applications of that determination. Each municipal water applicant retains its priority date while in municipal pending status.
  - (3) The department shall place pending applications for appropriation from a particular water source into dormant status when an applicant requests such status under section 9 of this act. The department shall notify an applicant holding pending applications of that determination. Each applicant retains his or her priority date

p. 13 SSB 6267

while in dormant status. An applicant may later request in writing, upon payment of an expedited processing fee, that the department process the applicant's application.

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- (4) A final determination made by the department under this section is appealable to the pollution control hearings board as authorized under chapter 43.21B RCW.
- 7 **Sec. 12.** RCW 90.44.055 and 1997 c 360 s 3 are each amended to read 8 as follows:
  - (1) The department shall, when evaluating an application for a water right or an amendment filed pursuant to RCW 90.44.050 or 90.44.100 that includes provision for any water impoundment or other resource management technique, take into consideration the benefits and costs, including environmental effects, of any water impoundment or other resource management technique that is included as a component of The department's consideration shall extend to any the application. increased water supply that results from the impoundment or other resource management technique, including but not limited to any recharge of groundwater that may occur, as a means of making water available or otherwise offsetting the impact of the withdrawal of groundwater proposed in the application for the water right or amendment in the same water resource inventory area. Except as provided in subsection (2) of this section, provision for impoundment or other resource management technique in an application shall be made solely at the discretion of the applicant and shall not be made by the department as a condition for approving an application that does not include such provision.
  - (2) If the department has made a final determination by adoption of rules, order, or other appealable agency action that no water remains available for any unmitigated new appropriation from a water source, the department shall notify all persons holding pending applications to divert water from the source of the determination. The department's determination and notice shall be specific in describing the affected stream reaches, the extent of groundwater hydraulically connected to those reaches, and, when applicable, the location and season in which water is unavailable for use. The notice must be made by mail and by publication in a newspaper of general circulation in the area where

<u>affected properties are located and must include requirements as</u> prescribed in subsection (3) of this section.

- (3)(a) Within one year after the date notification is mailed, the department may issue an order requiring each applicant to amend his or her application to include provisions for a water impoundment or other resource management technique as provided in subsection (1) of this section that would ensure that, if the application were granted, the effects of the diversion would not impair any senior water right, adopted instream flows, or closed water sources.
- (b) An applicant must amend his or her application within three years after the date of the order issued by the department in (a) of this subsection to amend his or her application to include provisions for a water impoundment or other resource management technique as provided in subsection (1) of this section that would ensure that, if the application were granted, the effects of the diversion would not impair any senior water right, adopted instream flows, or closed water sources. If an applicant fails to amend his or her application within the prescribed time, the department shall issue an order denying the application.
- (c) The department shall issue a decision on a water right application that has been amended to include provisions for a water impoundment or other resource management technique as provided in subsection (1) of this section that would ensure that, if the application were granted, the effects of the diversion would not impair any senior water right, adopted instream flows, or closed water sources.
- (d) For good cause shown, including demonstrated diligence in working to identify a water impoundment or resource management technique, the department may, in response to a written request from an applicant, extend the time to submit the amended application required in this subsection by no more than five additional years.
- (e) Upon the written request of any applicant who requests it, the department shall provide a contact list of all other applicants who received notification under this subsection for purposes of enabling applicants to coordinate among each other to develop plans for water impoundment or other resource management technique required by this subsection.

p. 15 SSB 6267

(4) This section does not lessen, enlarge, or modify the rights of any riparian owner, or any existing water right acquired by appropriation or otherwise.

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5 6 (5) A final determination made by the department under this section is appealable to the pollution control hearings board as authorized under chapter 43.21B RCW.

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