

FINAL BILL REPORT

2SSB 5367

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Synopsis as Enacted

Brief Description: Concerning Yakima river basin water resource management.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Honeyford, Hatfield, King, Nelson, Delvin and Shin; by request of Governor Inslee).

Senate Committee on Agriculture, Water & Rural Economic Development
Senate Committee on Ways & Means

Background: The Yakima River Basin Integrated Water Resource Management Plan (Integrated Plan) was developed by the United States Bureau of Reclamation (BOR) in collaboration with the Washington Department of Ecology (DOE) and other interested entities in the Yakima River basin. The Integrated Plan offers a proposed approach to improving water management in the Yakima River basin. The stated goals of the Integrated Plan are to protect, mitigate, and enhance fish and wildlife habitat; provide increased operational flexibility to manage instream flows to meet ecological objectives; and improve the reliability of the water supply for irrigation, municipal supply, and domestic uses.

According to the contents of the Integrated Plan, this approach includes seven elements: fish passage, structural and operational changes, surface water storage, groundwater storage, habitat protection and enhancement, enhanced water conservation, and market-based water reallocation. The Integrated Plan includes a list of proposed actions estimated to cost approximately \$4 billion to complete. If funded, these actions would be carried out over a period of up to 30 years.

The area affected by the Integrated Plan is limited to the Yakima River basin and includes much of Kittitas, Yakima, and Benton counties. This area includes a major portion of the Yakama Indian Reservation, several irrigation districts, and the main stem and multiple tributaries to the Yakima River.

Summary: Direction is given to DOE to develop water supply solutions consistent with the Integrated Plan that provide concurrent benefits to both in and out-of-stream uses. The goal of this effort is to enhance fish and wildlife resources, improve water viability and reliability, establish more efficient water markets, manage the variability of water supplies, and prepare for the uncertainties of climate change through operational and structural changes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

To accomplish these goals, DOE is specifically authorized to take certain steps. These include actions such as accepting related funds, developing projects consistent with the Integrated Plan designed to provide access to new water supplies within the Yakima River basin, entering into contracts that ensure the efficient delivery of water, and providing for the design of facilities necessary to implement the Integrated Plan. Water supplies secured through the development of new or expanded storage facilities developed under the Integrated Plan must be allocated for out-of-stream uses and to augment instream flows. Any yet-to-be appropriated water may only be used to augment instream flows to the extent that existing water rights are not impaired.

Nothing in the act is to alter or limit, impair, waive, or abrogate rights of the Yakama Nation, irrigation districts, or other entities when it comes to the waters in the Yakima River basin.

Three new accounts are created: the Yakima Integrated Plan Implementation Account (Implementation Account), the Yakima Integrated Plan Implementation Taxable Bond Account (Bond Account), and the Yakima Integrated Plan Implementation Revenue Recovery Account (Recovery Account). All three accounts are appropriated accounts that retain their own interest.

All three accounts may be used to assess, plan, and develop projects included in, or consistent with, the Integrated Plan. The accounts may only be used to fund new water storage facilities if DOE first evaluates the proposed water uses, the necessary quantity to meet those uses, the costs and benefits, and any available alternative means. The Implementation Account and the Bond Account are intended to fund projects using tax-exempt bonds. The Recovery Account is intended to fund projects using revenues from water service contracts.

For water supplies developed under the Integrated Plan to support future municipal and domestic water needs, DOE must give preference to other entities in managing water service contracts. DOE may enter into water service contracts directly if contracting with other entities is not feasible or suitable. These contracts must recover all or a portion of the water development costs, with any revenues being dedicated to the Recovery Account.

DOE must provide a status report to the Legislature and the Governor once every biennium through the year 2045. These reports must be developed in consultation with the Yakama Nation, BOR, and stakeholders in the Yakima River basin.

DOE must prepare and periodically update a financing plan for the Yakima integrated plan in which at least half of the cost comes from non-state sources with a significant portion coming from local beneficiaries of the projects. For any component of the plan that costs more than \$100 million the Washington Water Resource Center must review the cost benefit analysis for the project.

Subject to appropriation, the Department of Natural Resources (DNR) is authorized to purchase land in the Yakima basin to be held in the community forest trust under RCW 79.155.040. DNR must develop a transitional plan for managing the land in cooperation with the Department of Fish and Wildlife and in consultation with local stakeholders. The plan must be consistent with the Yakima integrated plan principles. If by June 30, 2025 permits

and financing is in place for construction of facilities that produce at least 214,000 acre-feet of water for out of stream and in-stream uses the land will remain in the community forest trust. If not, the Board of Natural Resource is authorized to place the land in the common school trust and manage it for the beneficiaries of that trust. The land is subject to the payment in lieu of taxes and is exempt from any compensating tax provisions.

Votes on Final Passage:

Second Special Session

Senate 48 0

House 80 2

Effective: September 28, 2013
Contingent (Section 16)