

Celebrating 10 Years



The Future of Water in Idaho – Renewing Private Sector Involvement Through Public-Private Partnerships



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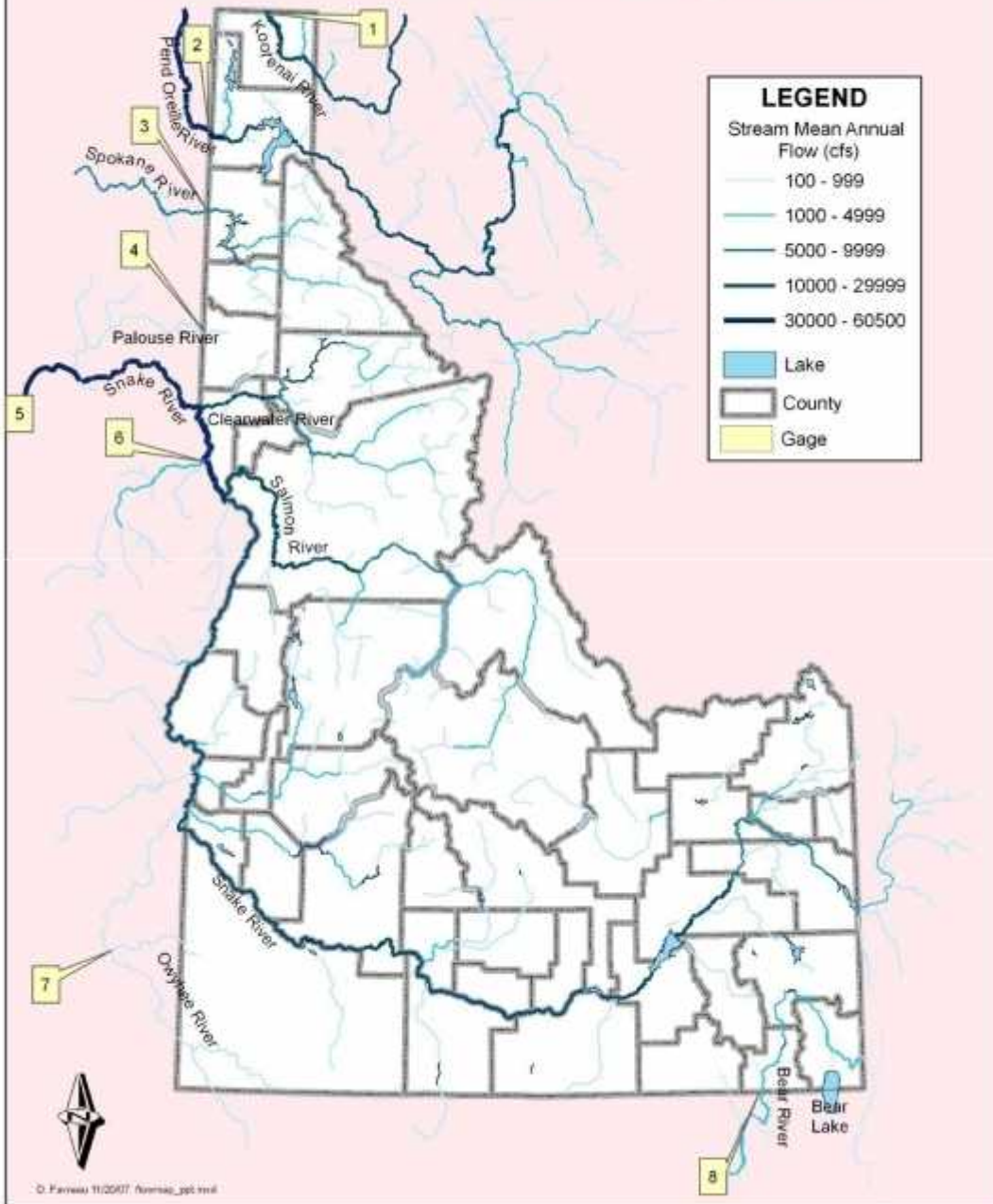
October 16, 2014



Outline

- Idaho is a headwater state, but...
- Supplies are not sufficient at all places at all times
- We have the legal framework for solutions
- Delivery will extend to wells
- Conservation is part of the solution
- Some of the best solutions come from Public-Private Partnerships

Ave. Water Year Vol. Flowing From ID



Gage

1. Near Porthill, ID
11,153,000 AF
2. Albeni Falls Dam
17,633,000 AF
3. Near Post Falls, ID
4,475,000 AF
4. Near Potlatch, ID
190,000 AF
5. Lower Granite Dam
34,850,725 AF
6. Near Anatone, WA
25,281,000 AF
7. Near Rome, OR
686,000 AF
8. ID-UT State Line
770,000 AF

Total = over 95MAF!



State of Idaho

DEPARTMENT OF WATER RESOURCES

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C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

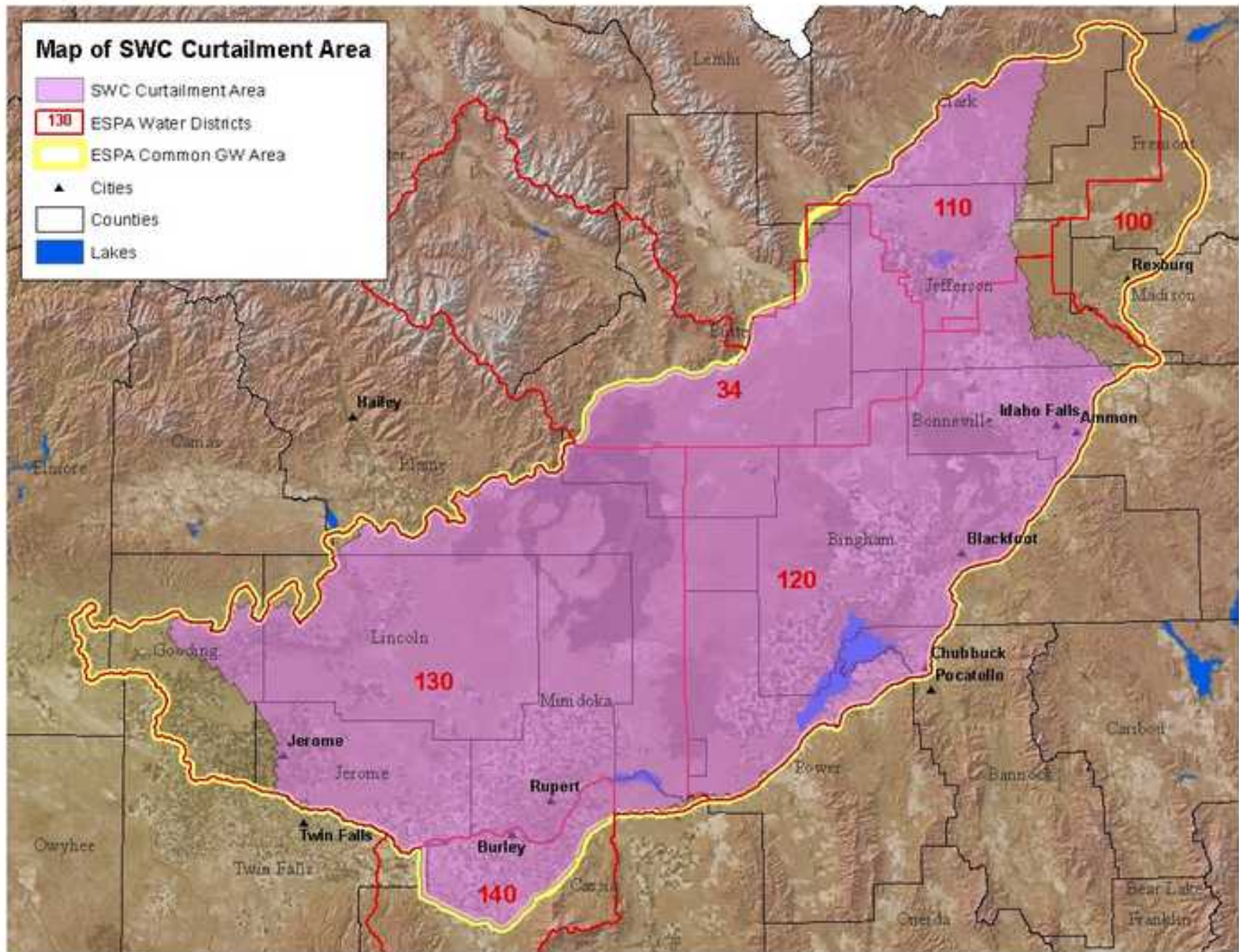
January 28, 2014

RE: Notice of Potential Curtailment of Ground Water Rights in the Eastern Snake Plain Aquifer

Dear Water Right Holder,

The purpose of this letter is to inform you that you are the water right holder of record for one or more water rights that could be subject to curtailment during the 2014 irrigation year (November 1, 2013 – October 31, 2014) as a result of the Surface Water Coalition (SWC) delivery call. The SWC delivery call applies to ground water rights that affect reaches of the Snake River in the American Falls area that are hydraulically connected to the Eastern Snake Plain Aquifer (ESPA). The Director of the Idaho Department of Water Resources (Department) is administering water rights by priority as required in the order of June 23, 2010, issued in response to the water delivery call made by members of the SWC, which includes the A&B Irrigation District, the American Falls Reservoir District #2, the Burley Irrigation District, the Milner Irrigation District, the Minidoka Irrigation District, the North Side Canal Company, and the Twin Falls Canal Company. A copy of the order can be found on the Department's website:

Map of Potential SWC Curtailment Area





Legal Framework for Water Delivery In Idaho

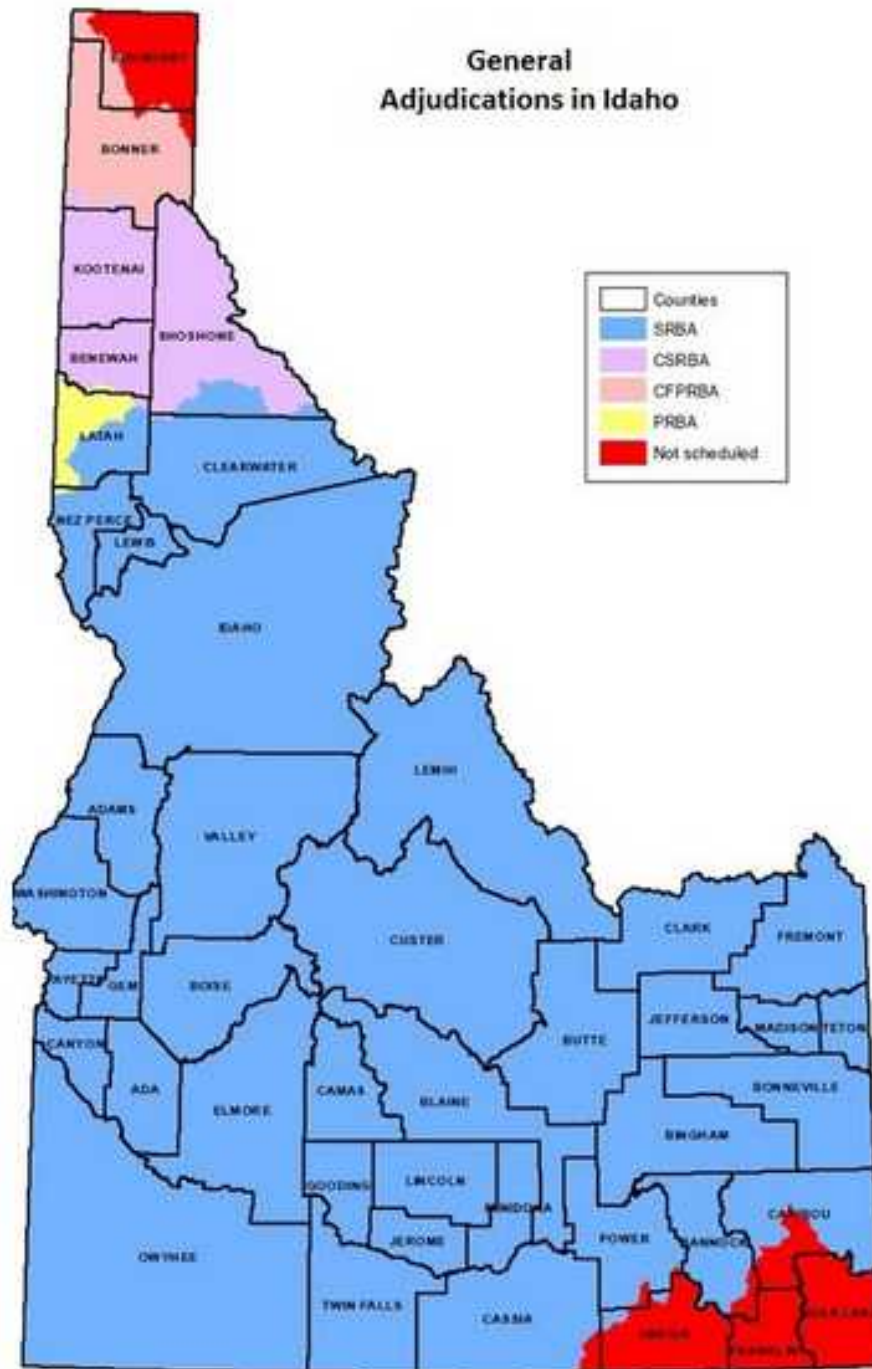
- First in time is first in right
 - Surface Water
 - Ground Water
- Delivery is made by priority date, not by the type of beneficial use
 - Hierarchy of uses is for condemnation, not delivery



Legal Framework for Water Delivery In Idaho (cont.)

- Water rights are issued and recorded by the state
 - Idaho Department of Water Resources is the record-keeper
 - The Court decrees water rights via general stream adjudications
- The Snake River Basin Adjudication final unified decree was issued on August 25, 2014
- Basins in Northern Idaho are now being adjudicated

General Adjudications in Idaho



Boundaries of Idaho's General Stream Adjudications.



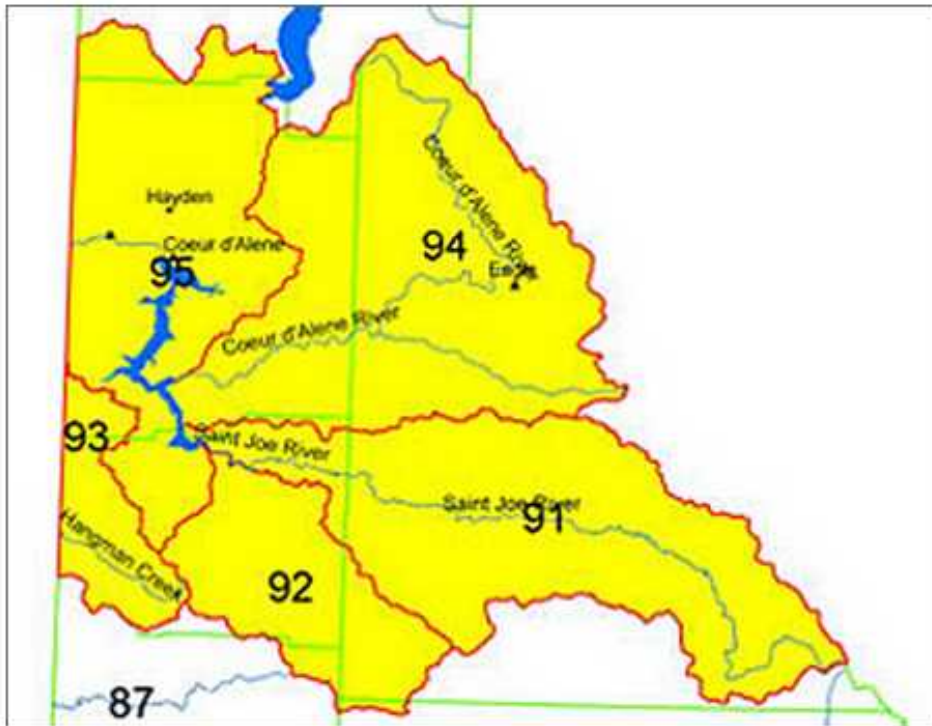
The Snake River Basin Adjudication

- Is now almost completed
- The Final Unified Decree has been signed
- Decrees rights to ground water
- Establishes the connection between ground water and surface water
- Enables delivery (curtailment) of ground water rights

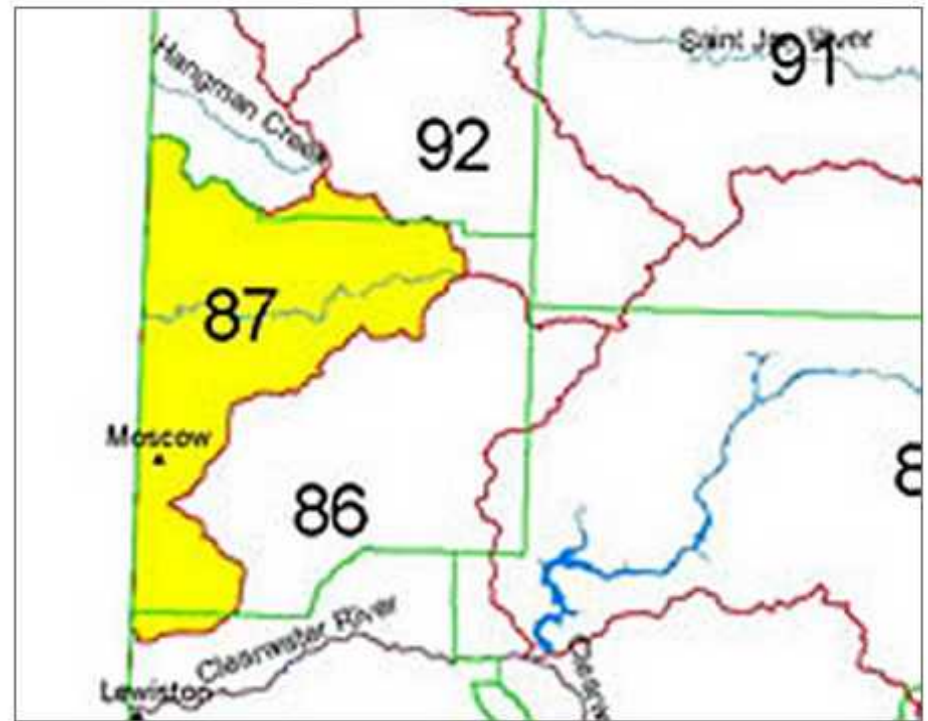
Northern Idaho Water Rights Adjudications

River Basin Maps

Phase 1 – Basins 91-95
(Coeur d'Alene and Spokane River Basins)



Phase 2 – Basin 87
(Palouse River Basin)



Update on the Coeur d'Alene – Spokane River Basin Adjudication

- Status as of October 15, 2014

Basin	**Claim Records in IDWR's Database	Active Claims to be Reported to the Court	Deadline to File Claims (Second Round Service)	Projected Filing Date for Director's Reports
93	581	553	June 29, 2012	Filed March 2014
92	939	903	July 31, 2013	November 2014
91	627	582	August 31, 2012	February 2015
95	7,993	7,563	June 20, 2013	July 2016
94	2,007	1,930	August 30, 2013	November 2015
TOTAL	12,147	11,531		

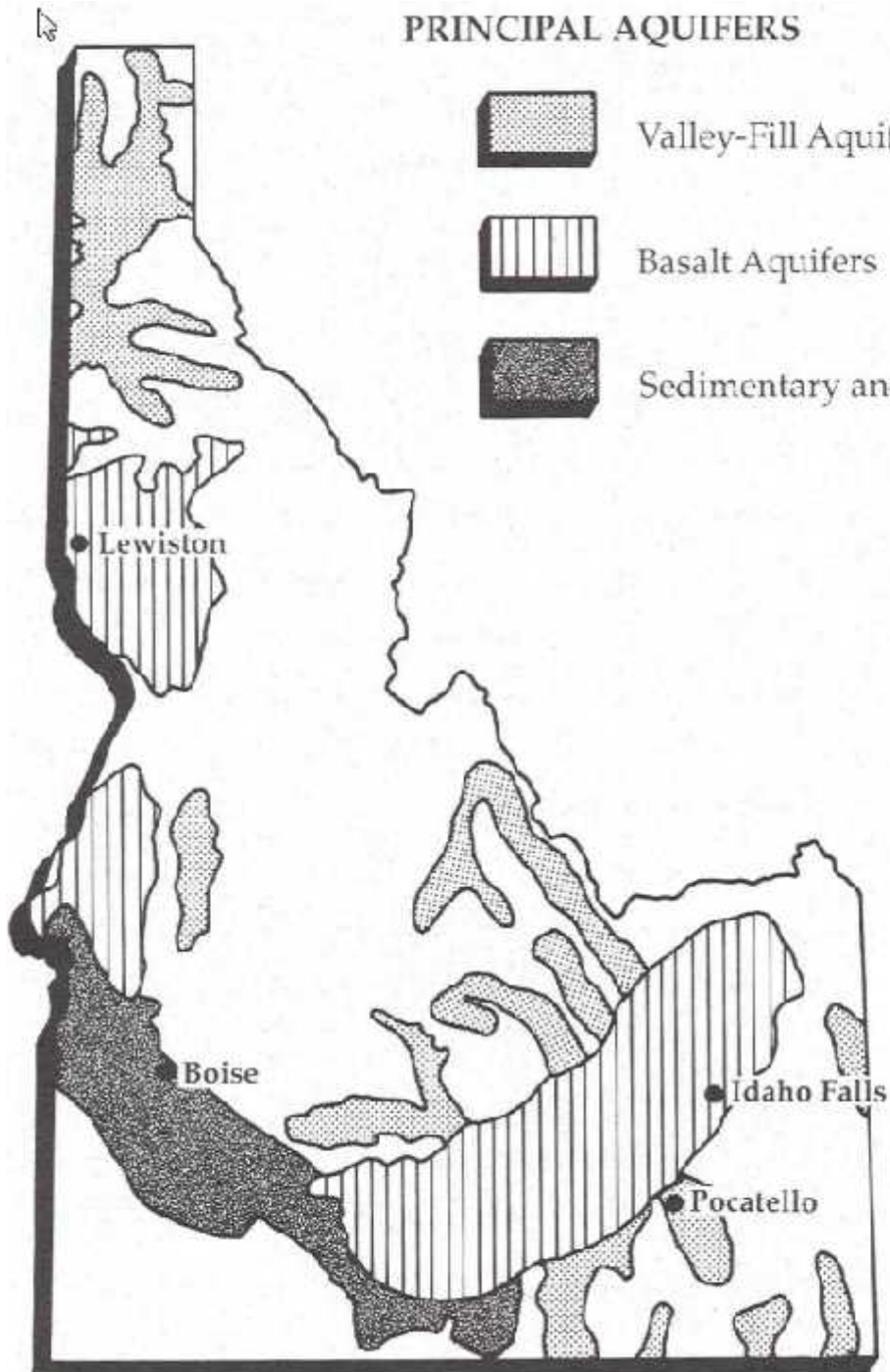
- 13,000 claims originally projected

**Reflects the number of claims with a status of Active, Withdrawn, Parent, Rejected, Temporary or See Remarks, etc.)



So... what can we expect?

- Conservation will provide for some but not all of our future needs
- Increasing demands on our water
- Increasing sophistication in water delivery
- Inclusion of wells in water regulation
- Increasing costs of water
- Decreasing snowpacks due to climate change
- Increasing needs for storage



Where are Aquifer Storage Opportunities?

Map from IDEQ Website

Aquifer Recharge

Editors' Note: Groundwater v. Ground Water

While there is, as yet, no uniformity in usage within or among the states "groundwater" is expressed as a single word throughout this

MANAGED AQUIFER RECHARGE

AN OVERVIEW OF LAWS AFFECTING AQUIFER RECHARGE IN SEVERAL WESTERN STATES

by Evan Mortimer, University of Idaho College of Law (Moscow, ID)

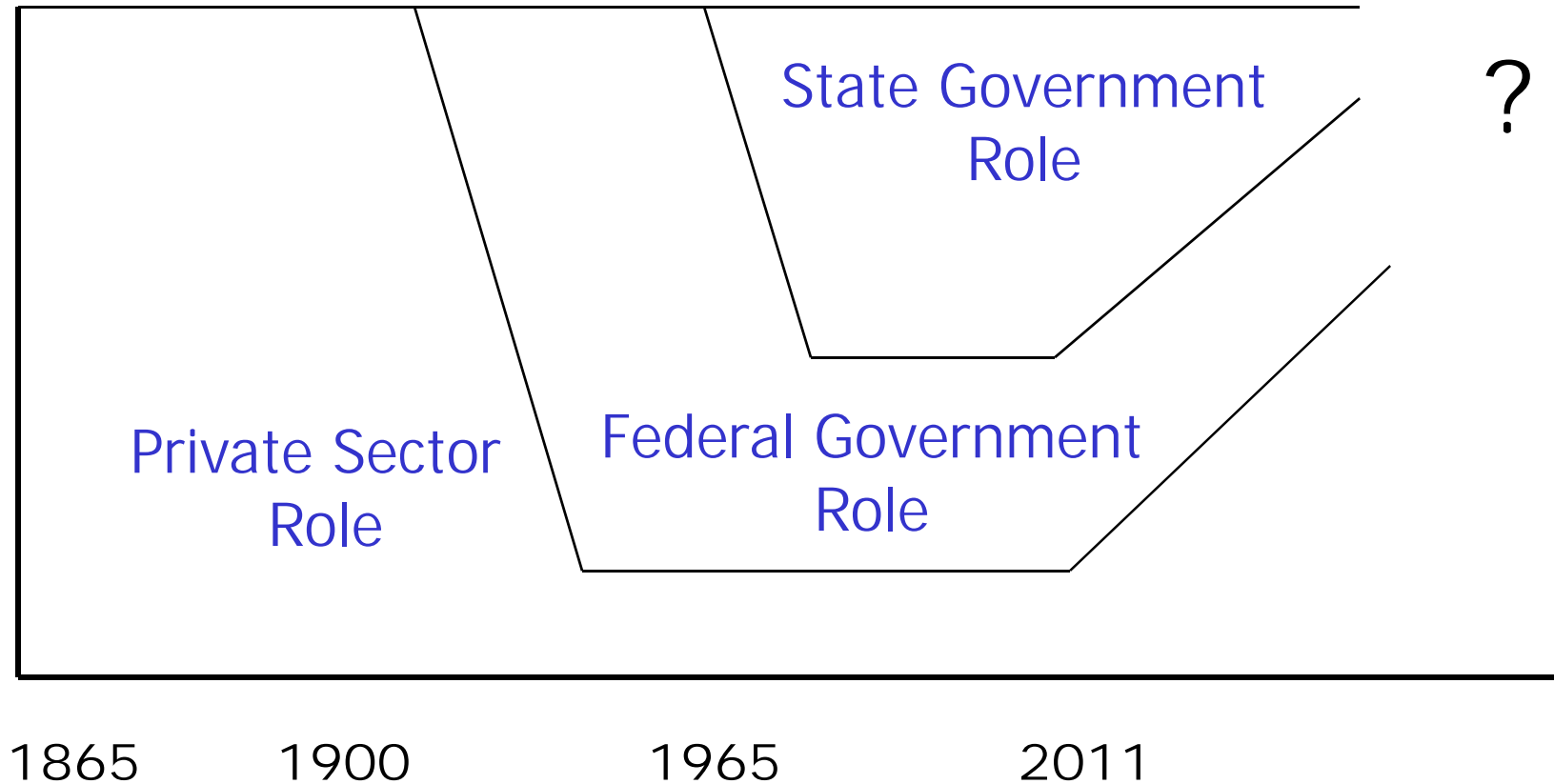
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INTRODUCTION

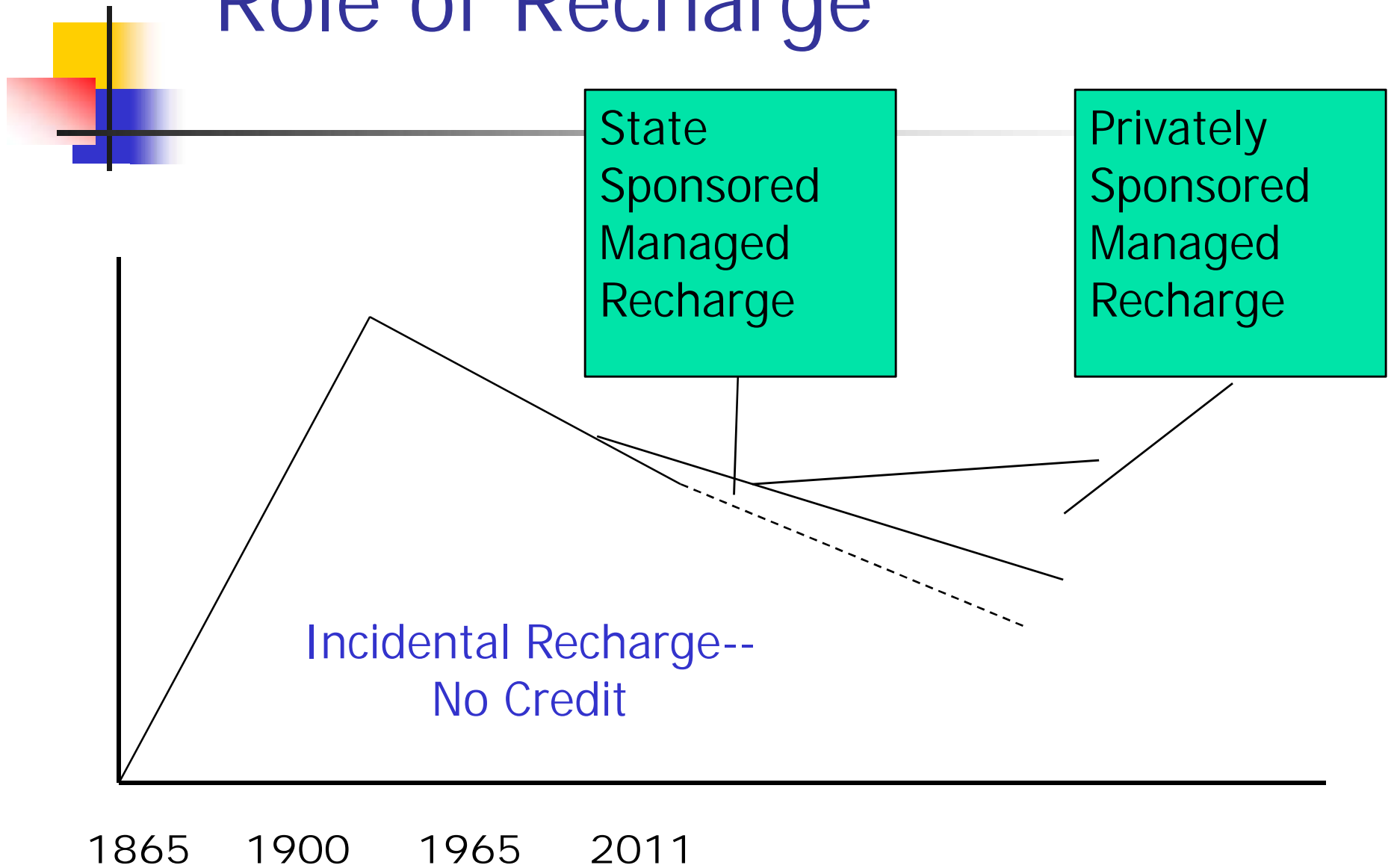
Given the ever-increasing demand for finite water resources in the western United States, the effective functioning of our aquifers continues to be of the utmost importance. Numerous western aquifers currently suffer from moderate to severe overdraft, with groundwater withdrawal outpacing replenishment, while many other aquifers are on their way towards one-hundred percent depletion. This unsustainable situation will continue unless something is done to stop the overdraft of groundwater. As aquifer depletion becomes more problematic, a continued effort to stabilize aquifers and promote the managed recharge of aquifers will be crucial to the economic and social health of the western United States.

Some efforts are already underway. In a number of western states, both public and private entities are working to stabilize aquifers through various methods, including managed aquifer recharge. One recent example comes from Idaho, where earlier this year the Idaho Legislature passed House Bill 547, which dedicates \$5 million annually in state Cigarette Tax revenue to be used by the Idaho Water Resource Board for statewide aquifer stabilization. In California, the Legislature recently voted to place a \$7.545

Primary Sponsors of Water Projects in Idaho

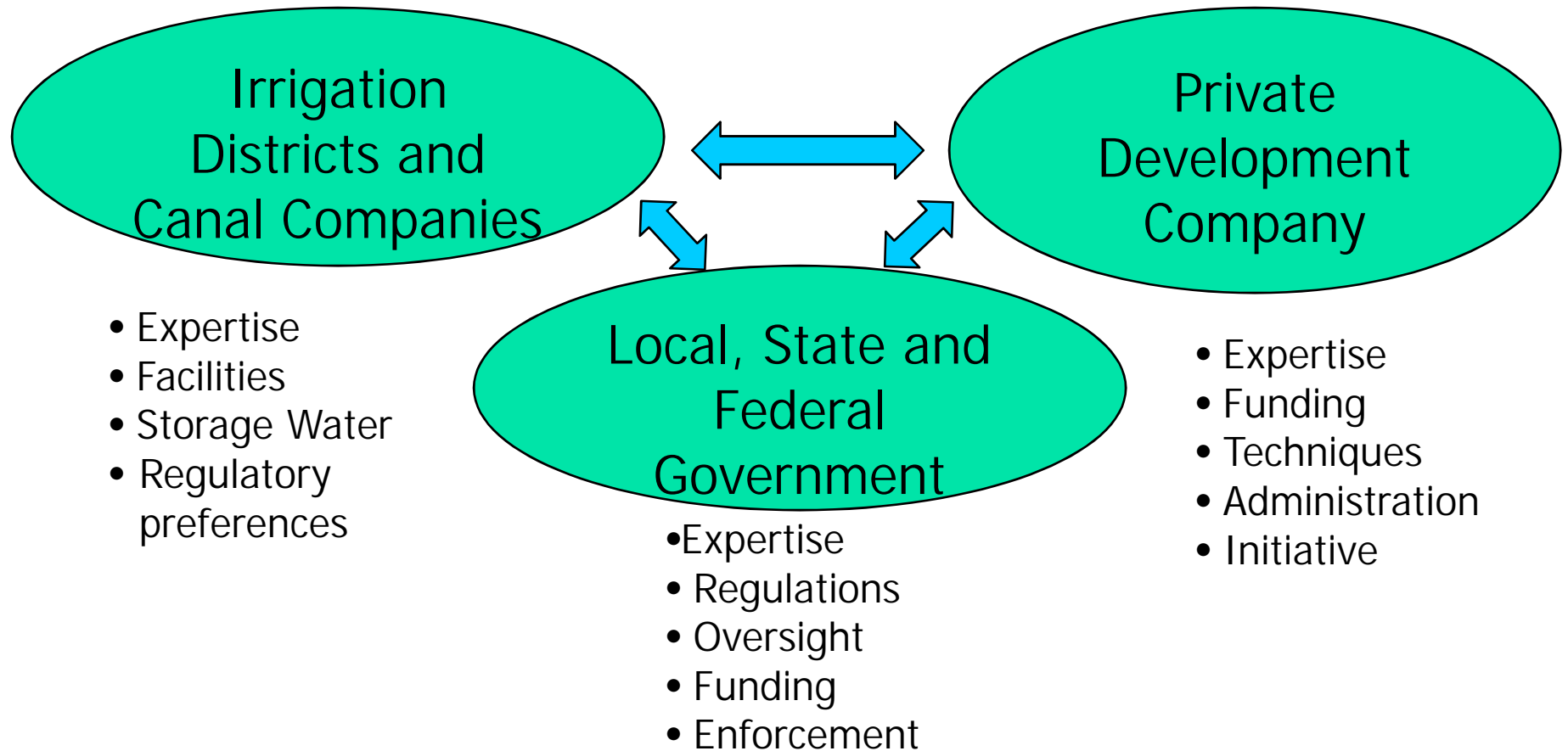


Role of Recharge



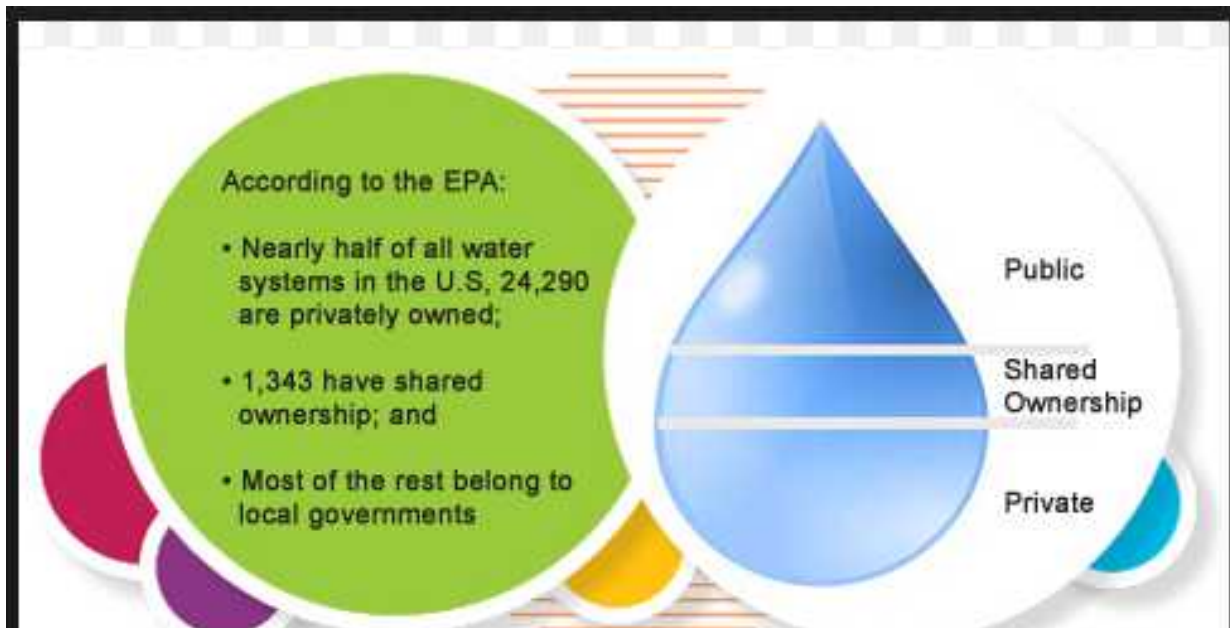
What entities will develop storage and recharge in the future?

Public-Private Partnerships



Types of Public-Private Partnerships





#EFISUMMIT



Goldman Sachs

Water – Innovative Public-Private Partnerships (P3s)

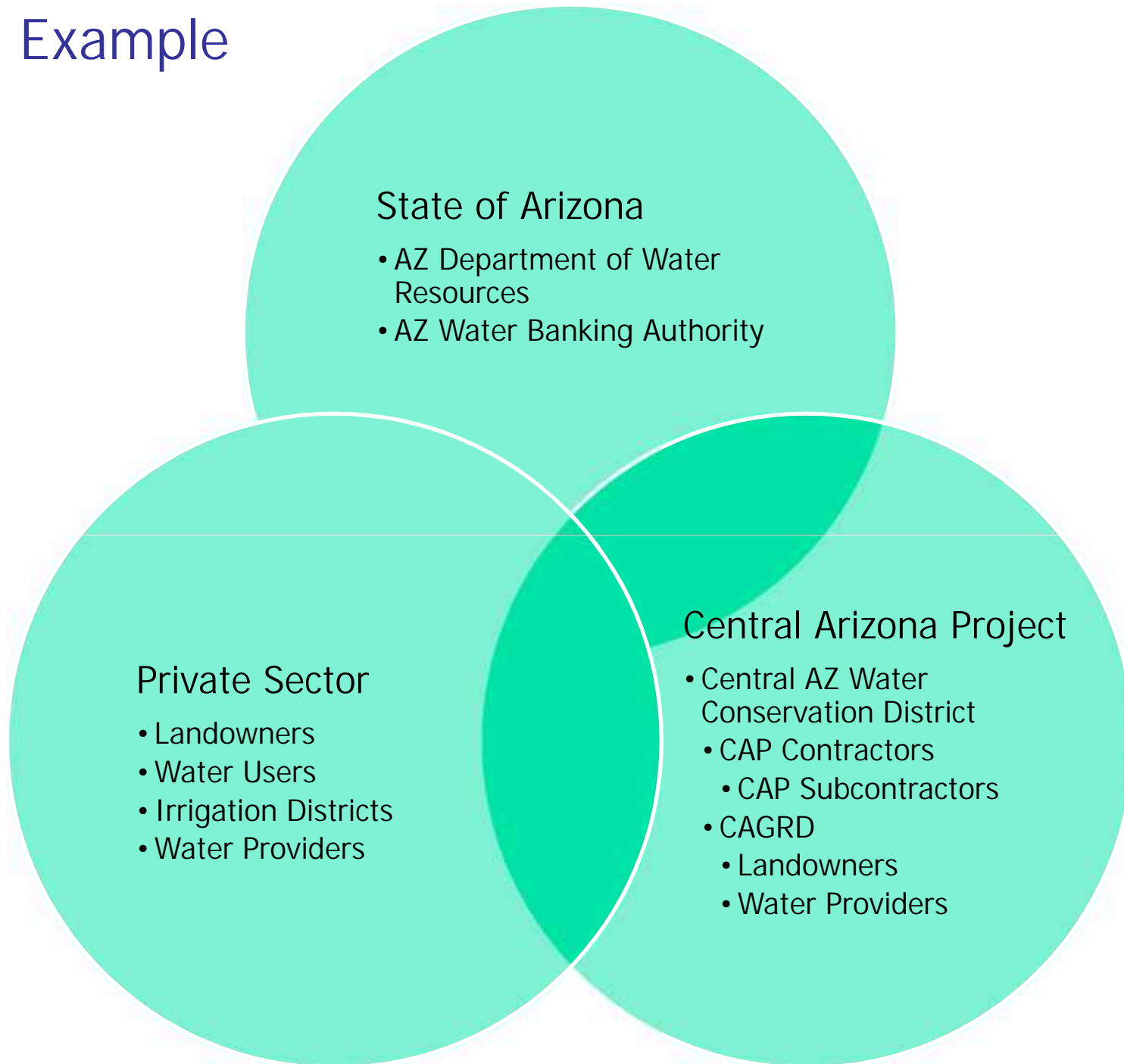
P3s in the US: In the US, government owned systems comprise 84 percent of the country's ~53,000 water systems and 98 percent of its ~16,000 wastewater systems¹. The American Society of Civil Engineers assigned US water infrastructure a D+ grade (*Poor: At Risk*) citing more than \$1 trillion in drinking water, wastewater and stormwater infrastructure capital improvements needed over the coming decades². With growing public sector financial constraints and aging water systems, municipalities have become more receptive to partnerships with the private sector.

For example, in December 2012, the city of Rialto, California, teamed up with private equity firm Table Rock Capital, Union Labor Life Insurance Co. and Veolia Water in a 30-year water and wastewater concession. At the time of the transaction, Rialto was



In February 2013, Goldman Sachs, GE and WRI hosted a summit entitled "Water: Emerging Risks & Opportunities" to discuss the intersection of capital, policy and technology in addressing critical US water challenges. [Read the white paper](#) and [watch videos](#) from the summit.

PPP Example





Staging

Creation

- Short-Term
- 1 – 2 Years

Construction

- Medium-Term
- 2 – 6 Years

Operation

- Long-Term
- 6+ Years



Conclusion

- Water conservation will be important
- More water projects will be needed
- Consider Public-Private Partnerships for development of additional infrastructure