WATER & NATURAL RESOURCE GROUP INC. SCOPE OF WORK
FOR WRIA 59 WATER BANK FEASIBILITY STUDY
GRANT G1400584- STEVENS COUNTY, WA

INTRODUCTION

Water & Natural Resource Group Inc. will assist Stevens County, WA and the WRIA 59 Planning Unit in completing a water bank feasibility study for the WRIA 59 watershed. Stevens County, WNR Group contractor staff, as well as state and local agencies will all collaborate together on the project.

PRIMARY CONTACT

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SCOPE OF WORK

The project consultant will work with the County, the Department of Ecology staff and a Policy Advisory Group to analyze the feasibility of developing a Colville River Basin Water Bank, to formulate a structural and operational blueprint options for the water bank, develop a plan to implement the preferred option and to identify organizations interested in establishing and operating the water bank.

The consultant team will be expected to provide specific deliverables throughout the process. Draft work products will be submitted to the project administrator. The project administrator will submit work products to Ecology for review and comment.

The Scope of Work consists of the following elements:

Task 1: Development of a Policy Advisory Group to guide and inform all aspects of the project, including:

- Determining the purpose(s) of the water bank.
- Identifying suitability criteria for water rights the water bank would acquire.
- Identifying and selecting candidate organizations to operate the water bank.
- Determining funds and resources suitable for supporting the water bank.

Task 2: Evaluation of water bank structural and operational options and recommendation of a preferred option.

Task 3: Evaluation of future demand in specific water use sectors that may interact (buy or sell) with a water bank or exchange.

Task 4: Evaluation of the supply of available water rights that could be put into the water bank.

Task 5: Evaluation of the existing (and proposed) instream flow rule as it relates to the structure and operation of a water bank.

Task 6: Evaluation of market conditions.

Task 7: Development of an operational and structural blueprint for the recommended approach.

Task 8: Development of a final report that summarizes the preceding elements and includes a plan to implement the recommended approach.

REQUIRED SERVICES AND PRODUCTS

Scope of Work:
Task 1: Water Bank Analysis

Task 1.1: Convene a Policy Advisory Group (PAG). This group shall be comprised of elected officials, Land Services staff, Department of Ecology staff and other persons with technical expertise. The purpose of the PAG is to provide direction on preferred water bank structural and operational framework, provide input and guidance in market evaluation development and operation of a water bank, and provide input and feedback to the consultant throughout the project.

Task 1.2: Water Banking Framework.

> **Task 1.2.a: Legal, Regulatory and Policy Framework.** Evaluate water banking in Washington State. This includes identification of applicable laws, regulations, policies and programs that provide the framework for water banking. Evaluate structural and operational options for a Colville River Basin Water Bank and recommend a preferred alternative.

Task 1.2.b: Water Transfer Framework. Evaluate the framework by which specific banked water rights will be assigned allowable locations, times and quantities for new uses.

Task 1.3: Demand Evaluation. Evaluate future demand in specific water use sectors that the PAG determines may interact with a water bank or exchange. Use available information, such as the WRIA 59 Watershed Plan and Stevens County population data, if the PAG agrees on its utility.

Task 1.4: Supply Evaluation. Evaluate the supply of available water rights that could be put into a WRIA 59 water bank. Screen the existing water rights against the suitability criteria identified by the PAG. Once completed, and if funding is available, additional research may be conducted to better estimate the quantity of potentially available water supply.

Task 1.5: Market Evaluation. Research and develop scenarios of potential water market conditions and economics for the Colville River Basin.

Task 1.6: Develop Operational and Structural Framework. Develop operational and structural framework for the preferred water bank alternative identified in Task 1.2. Items that will be addressed include, but are not limited to, legal procedures, financial processes, staffing needs, operational costs, startup costs, coordination with Department of Ecology Water Resources program and integration into land use permitting processes.

Task 1.7: Final Feasibility Report and Implementation Plan. Develop and complete a report that includes available structural and operational options, identify the selected option, supply and demand evaluation, market evaluation, water bank structural and operational framework and plan to implement the recommended approach.

Deliverables and Due Dates:

Task 1.1:	PAG meeting summaries/minutes, September 2014 and ongoing
Task 1.2.a:	Report outlining the regulatory framework and PAG alternative, December 2014
Task 1.2.b:	Evaluation of Water Transfer Framework, October 30, 2014
Task 1.3:	Evaluation of Future Demand by sector, November 30, 2014
Task 1.4:	Evaluation and documentation of the supply of available water rights, December 31, 2014
Task 1.5:	Water market evaluation of water bank scenarios, February 28, 2015
Task 1.6:	Report describing the recommended Operational and Structural Framework for the Colville River Basin Water Bank, February 28, 2015
Task 1.7:	Draft Feasibility and Implementation Report for review and comment, March 31, 2015 Final Feasibility and Implementation Report, June 1, 2015