

Establish True Basin-Wide Institutions:

The Return to the River Basin as the Unit of
Management.

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Resume of Main Points

There is a long history of focusing on the river basin as the unit of planning and management.

- There is also a long history of dividing the river basin up among political jurisdictions.
- Costs of failing to focus on the river basin are rising sharply.
- There are “win-win” steps that can take us in the direction of the river basin.
- Ref: Howe, “The Return to the River Basin...”, Jour. Contemporary Water Research & Education, May, 2005.

Steps Toward Basin-Wide Cooperation and Management.

- History of states' cooperation in basin-wide institutions: states collaborate when purpose is well-focused.
- Remote sensing extends potential scope of basin management & allows all parties to monitor withdrawals, storage, etc., increasing trust and enforcement of agreements (Kilgour-Dinar, 2001; EOS 5/05).
- “Benefit sharing”: the U.S.-Canada Columbia River Case (John Krutilla, 1967).

Extending Water Markets to Interstate Levels

- Need to clarify states' water property rights, e.g. uncertainties in Upper & Lower Basin compacts.
- 1984 Galloway proposal to lease 1 maf of Yampa/White water to lower basin. Issues: Yampa, Compact III(a) & Congressional intent.
- 1984 Ben Harding (Hydrosphere) suggests leasing of Colorado's unused consumptive allotment.
- 1990 Resource Conservation Group "wet water" proposal to lease foregone consumptive use with sharing of proceeds. Issues: III(a), accounting problems, "spirit of the compact".

- 1991 Colorado River Board of California
“Conceptual Approach & Water Bank
Proposal”:
 - 1 year interstate leases through the bank on a state-to-state basis;
 - transactions first cleared with state agency;
 - “wet water” only not exceeding 1 maf/year;
 - price set annually by Interstate Forum (problem);
 - Proposal solidly rejected by Colo.Gov. Romer & other Upper Basin governments.

- 1991. Gov. Roy Romer proposal to contract with Lower Basin for payment for non-development of unused consumptive allotment.
- Appears justified by current NV-AZ-CA arrangements for groundwater & surface storage.

Protecting Instream Values.

- Charge state & federal agencies to protect instream values through market leasing:
 - Booker et al find instream losses greatest during extended drought in the Colorado River; examples of leasing for instream use:
 - 2001. Idaho Power leases ag water from 400 farmers at \$ 450/acre, 150,000 acres (Colby);
 - Reclamation leases water on the Klamath for instream purposes (U.S. GAO, March, 2005).

Increasing Flexibility of Interstate Compacts.

- “...compact allocations, unlike decrees in equitable apportionment..., are frozen in time...” (Muys, Feb. 2001).
- “...new or revised compacts should provide authority... to facilitate interstate ... water banking on a voluntary basis... In my view, such arrangements are necessary, legal and inevitable in many interstate basins.” (Muys, May, 2004).

Principles for the Design of Flexible Compacts

- (Personal notes from Utton Center 3/05 workshop on model interstate compacts):
 - Allow for adaptive management: "expect the unexpected";
 - Maximize basin-wide economic benefits while allowing for equitable division of benefits thru compensation & allocation of hydrologic risk;
 - Protect riparian systems and cultural values;
 - Allow for the role of science.

Recommendations.

- Activate the California water bank proposal on a trial basis.
- Authorize & encourage public agencies to lease water through the bank for protection of instream values.
- Further evaluate a Romer-type contractual arrangement to reward Upper Basin conservation & discourage low productivity Upper Basin projects.