

Columbia Basin Water Transactions Program

Water Transaction Process



Overview:

The Columbia Basin Water Transactions Program (CBWTP) was developed in 2002 to address chronically diminished stream flows in tributaries of the Columbia River. To enhance stream flow, the CBWTP works through locally based entities to acquire water rights voluntarily from willing landowners. Using temporary and permanent water rights acquisitions and other incentive-based approaches, the CBWTP supports program partners in Oregon, Washington, Idaho, and Montana to assist landowners who wish to voluntarily restore flows to key fish habitat. Voluntary, market-based water transactions provide an effective and fair way to balance out-of-stream water uses with the need to maintain stream flow for imperiled fish.

The CBWTP, through National Fish and Wildlife Foundation (NFWF) and in cooperation with Bonneville Power Administration (BPA) and the Northwest Power and Conservation Council (NPCC), grants out funding to qualified local entities (QLEs) for both programmatic support and direct funds for water transaction payments. This document outlines the steps and requirements that enable a QLE to pay for a water transaction through NFWF. NFWF will only pay for those entities that have already been qualified into the program and that have received a programmatic grant through our Request for Proposals (RFP). Please refer to www.nfwf.org/cbwtp to review our RFP.

Details in this document are subject to change and an updated copy will be obtainable from the NFWF website on the CBWTP program page.

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1. Becoming a Qualified Local Entity

To become a Qualified Local Entity (QLE), an entity must submit a proposal through NFWF's Request for Proposals (RFP) and be approved through both the pre-proposal and full proposal stages. This approval and subsequent award applies to programmatic funding only, and does not include approval of any direct water transaction payments. For more information on NFWF's RFP, go to www.nfwf.org/cbwtp or contact the Columbia Basin Program staff.

2. Water Transaction Proposal

Once qualified, throughout your grant cycle, you will develop water transactions under your programmatic scope of work. When your transaction is far enough along and you have either a signed letter of intent from the landowner or a draft landowner agreement, you may then submit a transaction proposal through our online proposal portal (<https://nfwf.fourpeaksenv.com/accounts/login>). When ready, reach out to NFWF to set up an account. A summary of proposal questions can be found below in Attachment 1. When completing the proposal form, be sure to pay close attention to the hints. These will help guide you in your responses. Please contact the Program Manager with any questions.

There are three proposal solicitations throughout the year, typically in December, March, and August. NFWF typically does not accept transactions outside of those solicitations, so be sure to plan ahead to meet one of those deadlines.

Once a transaction proposal is submitted, it will move through our water transaction process as outlined in Section 3 below.

3. Transaction Review Process

The following steps depict a "typical" transaction review cycle, from proposal submission to payout. The process may not flow in the same way for every project, but all approval steps must be complete before NFWF will pay for a transaction. If your transaction does not fit into this typical process, please reach out to the Columbia Basin Manager to discuss. For a complete flow chart of the transaction cycle, see Attachment 2.

Step 1: QLEs submit proposed transactions. This requires completing the online proposal form and uploading the required supplemental materials. Supplemental materials include a signed letter of intent with landowner OR a draft landowner agreement (signature not required, but terms of the proposed transaction are), documentation of water rights, and documentation of value.

Step 2: NFWF and consultants review the proposal for completeness, and ensure that the proposed cost of the transaction is reasonable and there is appropriate documentation of value. The cost must be in line with CBWTP's Water Valuation Policy.

Step 3: Proposals are reviewed by the Technical Advisory Committee (TAC) for a funding rating. The TAC currently consists of agency representatives from U.S. Fish and Wildlife Service (USFWS), National Oceanic and Atmospheric Administration (NOAA), and Bonneville Power Administration (BPA), as well as a hydrologist from the Northwest Power and Conservation Council, ecologist, and a water attorney. The TAC meets three times a year, after each proposal solicitation, to review and score each proposal. The scoring criteria is based on the Independent Scientific Review Panel's Evaluation Criteria (included as Attachment 4), which includes biologic components, hydrologic components, innovative concepts, monitoring, and a watershed context. The scoring is based on a 1-5 scale, and the TAC members agree on a consensus score during the meeting. There may be follow up questions or edits required to the proposal which must be completed before the proposal will be considered for funding. Scores of 1-2 will not be funded, and will require major changes before re-review of the proposal can occur. Higher scores will be given priority if funding is limited. NFWF will notify QLEs of approval via email. The TAC scoring sheet is provided as Attachment 5.

Concurrent with TAC review, BPA's Environmental Compliance Officer will review the proposal slate. If BPA has questions relating to environmental compliance for your project, you may be contacted at this time. Also note that BPA, NOAA, and USFWS TAC representatives share proposals with their colleagues in the field or with expertise in specific geographies during review.

Step 4: After TAC review, QLEs are required to provide a fully executed landowner agreement, to proceed. Once uploaded to the online proposal portal. QLEs should also notify the Columbia Basin Manager which this has been completed. NFWF's legal consultant reviews the signed landowner agreement for completeness and consistency with the Program's funding requirements. All transactions must have an enforceable landowner agreement.

Step 5: Once the TAC review is complete and the landowner agreement reviewed, NFWF sends the NPCC a proposal summary and metrics for review and comment. If the Council has no objections or comments, the proposal is considered allowable. Note, NFWF will send the Council proposal slates in batches for efficiency. Once you submit your signed landowner agreement, ask the Columbia Basin Manager about timing of Council review.

Step 6: Most proposals require state agency approval prior to funding. Once your state agency has approved your application, upload it to online proposal portal and notify the Columbia Basin Manager.

For proposals which do not require state agency approval, the QLE must document substantial compliance before invoicing. This generally requires a written statement of compliance with the contract terms, which includes information from the QLE about (1)

date(s) and person(s) who visited the site to confirm compliance, and (2) findings on that date which allows QLE to confirm nonuse. You could also use monitoring data from the instream period to document compliance. This generally means proposals which do not require state agency approval should only be invoiced at the end of the season after confirmation of compliance.

Step 7: When steps one through six are complete, QLEs can generate an invoice using the invoicing tool in the online proposal portal, which invoice must then. The invoice must be submitted in through NFWF's Easygrants system. Instructions on how to submit invoices can be found in the QLE Guide. Invoices will be reviewed by the Columbia Basin Program Staff for accuracy against your proposal, landowner agreements, and state agency approval documentation (or other suitable documentation). NFWF will then send the invoice to BPA for approval, and through to the NFWF grants administrator to process. See the QLE Guide for the NFWF payment schedule. Once the funds are received by the QLE, the landowner must be paid within 30 days. Within 30 days of paying the landowner, the QLE must upload a proof of payment to the proposal in cbwtp.org.

Step 8: Once the transaction is active and instream, the QLE should be conducting compliance monitoring annually as well as any other additional monitoring required for your project under the Flow Restoration Accounting Framework (FRAF). The FRAF guide can be found at www.nfwf.org/cbwtp.org.

Attachments

Attachment 1: Water Transaction Proposal Form

*Note this form is to be completed and submitted with the four peaks database and it is not a word document. The form showed below is a list of all of the questions that will be asked. Some of these questions have a drop down list of possible responses, which are not shown here.

WATER TRANSACTION SUMMARY

1. CBWTP Transaction Number:
2. Name of Transaction:
 - a. Proposal Lead Org: NFWF
 - b. Fiscal Year Proposed:
3.
 - a. HUC 8 /Subbasin:
 - b. HUC 10/Watershed:
 - c. HUC 12/Sub-Watershed:
 - d. Targeted Stream Of Benefit:
 - e. Landowner Initials/Short Project Label:
4. Entity Contact Person on Transaction:
5. Amount of Total Cost of Water to be requested from the CBWTP:
6. Total Cost of the Water to be Acquired with this proposed project:
7. For what term will the transaction secure water for instream flow:
 - a. Fiscal Year Instream Start:
 - b. Term End:
8. Is streamflow a limiting factor:
9. Is your primary targeted species Anadromous or Resident:
10. What is the primary targeted species:
11. What is the primary ecological objective of this transaction:
 - a. What is the secondary ecological objective:
12. Has this transaction been previously funded by CBWTP:
 - a. If yes, how are you adaptively managing this transaction to meet the flow target on a long term or permanent basis:
13. Provide a short summary of the transaction:
14. Provide an abstract of the proposed transaction objectives, including both biological and hydrological, transaction economics, stream conditions, fish population details, and how the project contributes to the established flow targets and timing:

HYDROLOGIC CRITERIA

Reach Locations

15. NPCC Province:
16. Sub Basin name:
17. Targeted Stream Of Benefit:
 - a. Tributary of:
18. What is the maximum volume (in acre-feet) that will be contractually and or legally protected instream for ALL PRIMARY reaches and ALL years in the term:
19. When will the water be instream:
 - a. Start and End Range
20. Please provide the approximate river mile for the upper and lower ends of the instream reach and the Latitude/Longitude Coordinates:
 - a. Stream Name:
 - b. How is flow a limiting factor:
 - c. Reach Type:
 - d. Total River Miles:
 - e. Approx Upper End River Mile:
 - f. Upper End Coordinates: LAT:
 - g. Upper End Coordinates: LONG:
 - h. Approx Lower End River Mile:
 - i. Lower End Coordinates: LAT:
 - j. Lower End Coordinates: LONG:

What is the maximum flow rate (CFS) that will be contractually and/or legally protected instream:

What is the maximum annual volume (in acre-feet) that will be contractually and or legally protected instream:

On average, what percentage of the flow target will be reached from this transaction during the period of use:

What entity established the flow target:

What method was used to determine the flow target for the stream reach:

At what level does this transaction address seasonal or periodic passage barriers in the primary stream of benefit during the low flow period (e.g., temperature, critical riffle, hydrologic disconnection, or POD structure):

How many stream-miles would potentially be opened up as a result from this work:

Are there any diversions in the targeted protected reach:

What is the maximum flow rate (cfs) authorized under the water right:

What is the maximum flow rate (cfs) that you anticipate will be protected instream during the term of this transaction:

What is the maximum volume of water (acre-feet) authorized under the water right:

What is the maximum volume of water (acre-feet) that you anticipate will be protected instream during the term of this transaction:

What is the average (50% exceedance) volume of water (acre-feet) that will be contractually and/or legally protected instream during the term of the transaction across the annual season? (if applicable):

What is the identified flow target for the primary stream of benefit per month:

Of the cumulative protected flow, what percentage is permanent instream water:

If you do not anticipate the full max rate of water protected instream in its entirety throughout the year, what would be the rate of water that you expect to see instream each month in an average year? If you do expect the maximum, please input those numbers.

WATER RIGHTS CRITERIA

21. Is the anticipated increase in streamflow significant enough to alter the physical shape of stream beds and floodplains:

22. Water Rights Information:

Enter Certificate number or ID:

Total Number of Acres:

Number of Acres included in this transaction:

Are there supplemental water rights for these acres:

Will the landowner retain partial use of the water right:

How was Water Right Reliability determined:

Has the water right ever been curtailed:

Has the water right ever been entirely regulated off the system:

Water right certificate(s) included in the transaction:

Priority date(s) of the water right(s):

GIS Shapefile of Water Right, if available:

BIOLOGICAL CRITERIA

Species of Interest

23. What are the anadromous species present in the targeted stream of benefit:

Evolutionary Significant Units (ESUs):

ESA Status:

What life stage(s) of this species is limited in the affected reach(es):

Primary life stage:

24. What resident fish species are present in the affected reach(es):

Resident target species name to benefit from transaction:

ESA status:

What life stage(s) of this species is limited in the affected reach(es):

What is the primary life-stage affected within this stream reach(es):

Ecological Objectives

25. What is the period of ecological significance or timing during which the benefits transaction are most ecologically beneficial in addressing the primary limiting factors identified?

a. Start Range:

b. End Range:

26. In addition to flow, what other limiting factors are impacting the targeted stream of benefit:

a. Are these other limiting factors being addressed:

27. What are the past, current and expected future habitat restoration projects that relate to this transaction's stream reach(es):

28. Is the targeted stream of benefit a 303(d) listed water quality limited impaired waterway:

a. If yes, for what pollutant(s) is the stream impaired:

MONITORING CRITERIA

29. Based on the Flow Restoration Accounting Framework, at what level Tier do you anticipate this project being monitored? Please review FRAF at:

<https://www.nfwf.org/cbwtp/Documents/cbwtpflow-restoration-accountingframework.pdf>

30. What is the monitoring plan for this project:

31. What parameters are being monitored at this project location:

32. Please provide key contact information if another agency, program, or individual will be collecting, storing, and evaluating the flow, biological and water quality data.:

- 33. Describe where the monitoring data and metadata (descriptive information about the origin, context, quality and condition, method used to collect, or characteristics of the data) will be stored (electronically preferred):
- 34. Will this data be accessible:
- 35. In addition to required monitoring, what other monitoring activities are being implemented on the primary stream of benefit and which agency or organization is responsible for implementation:

WATERSHED CONTEXT CRITERIA

- 36. How does this transaction support resiliency for priority species:
 - a. Additional comments:
- 37. What is the name of the Northwest Power and Conservation Council's relevant subbasin plan:
 - a. What does the Subbasin Plan state regarding restoration of instream flows in the watershed and water right transactions as an appropriate flow restoration tool:
 - b. What is the priority habitat limiting factor(s) identified in the plan that will be addressed by the water transaction:
- 38. Is there a NOAA recovery plan and/or water resource planning effort, watershed assessment or comprehensive planning effort in place to help justify the transaction:
- 39. Has the state implemented restrictions/limitations on existing water users and new appropriations in this basin (i.e., has the basin been closed to new appropriations):
- 40. Is current groundwater use impacting surface flows in the targeted stream reach:
 - a. If yes, please describe how this project will address these potential impacts:

TRANSACTION CRITERIA

- 41. Name what tool(s) and method(s) were used in developing this transaction?
 - a. Tools:
 - b. Methods:
 - c. Comments:
- 42. Is this transaction entirely nonconsumptive water:
- 43. NFWF and BPA Funding Sources
- 44. NFWF Payment Table (include year and dollar amount)
- 45. Other NFWF Funding
- 46. Other NFWF Payment Table (include year and dollar amount)
- 47. What, if any, in-kind donations have contributed to this transaction:
- 48. Amount:
- 49. Other Funding Cost-share:
- 50. Additional Funding Comments:
- 51. Total cost of associated state application fees:

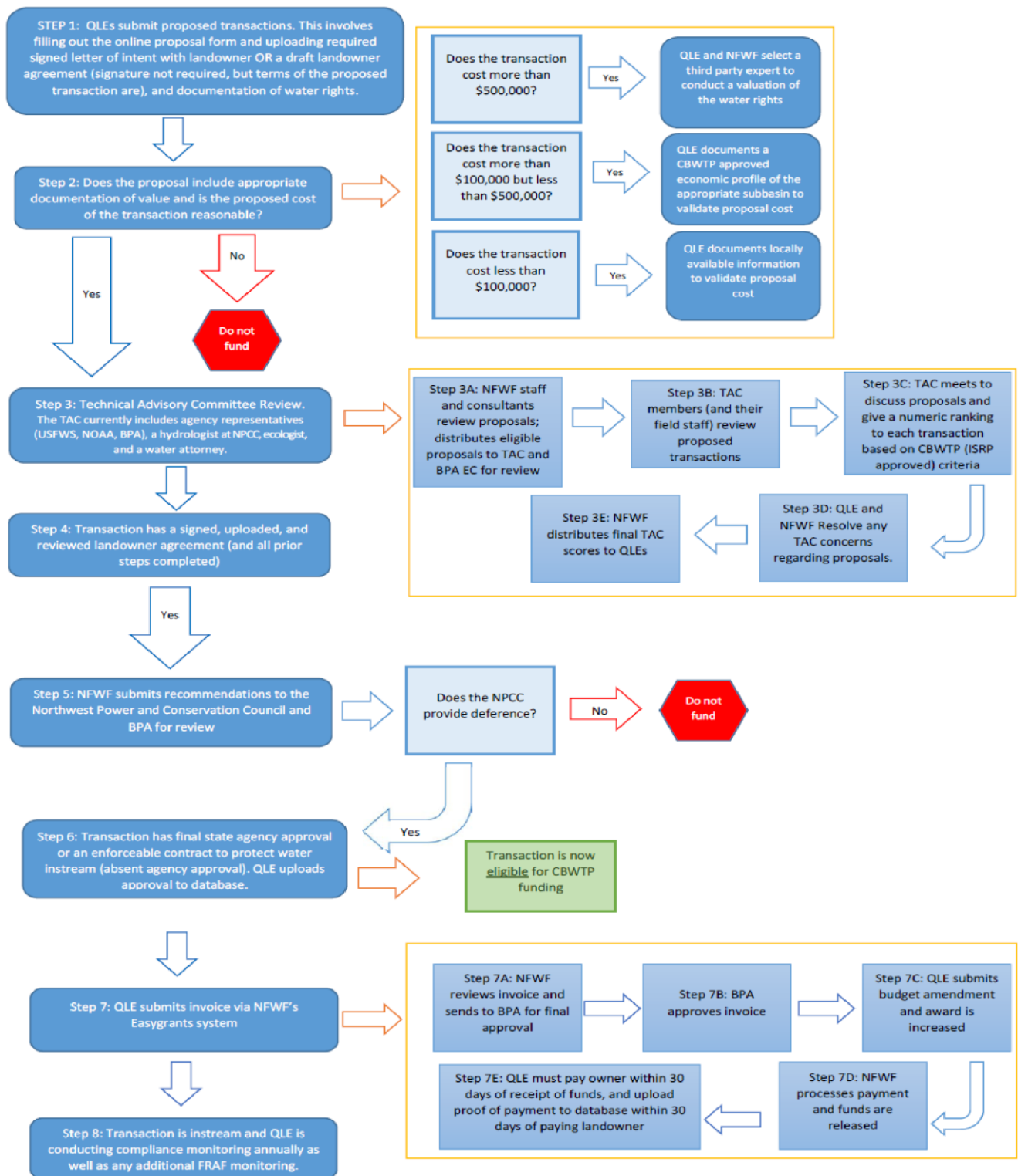
52. Amount of associated state application fees requested from CBWTP:
53. Estimated transaction costs related to this transaction:
54. Estimated transaction costs requested from CBWTP:
55. What method(s) was used for determining the value of the water right(s):
56. Identify who determined the value of the water right(s) and how the value was determined (show your math):
57. What incentive(s) (economic and/or other) motivated the water right holder to enter into the transaction:
58. Payment Receipts:

ACCOUNTABILITY CRITERIA

59. Signed letter of intent or draft landowner Contract:
60. Title:
61. Comments:
62. Signed Landowner contract:
63. Please input the date the agreement/contract was executed:
64. Document title:
65. Signed Landowner Contract Comments:
66. Does the transaction require state agency approval:
 - a. State approval comments:
 - b. Application(s) submitted to the state water agency for transfer of the water right(s) to instream flow (if applicable):
 - c. When is the state agency expected to approve the transfer and finalize the amount of water that will be allocated to instream flow:
 - d. What is the lease/transfer number assigned to this transaction by the state:
67. Who will hold the water right(s) once the water is secured for instream flow:
68. If the project is a long-term lease or permanent acquisition (i.e. Montana) requiring an administrative renewal during the term of the agreement, what year would this renewal be scheduled to occur:
69. Approval order from the state water agency required to affect the transfer and change of use:
70. Approval comments:
71. Project map Project map or schematic showing the primary POD(s), targeted dewatered reach, other active POD(s), and monitoring locations:
72. Project photos:
73. Project map or photos comments:
74. Any other important documents for this transaction:
75. Other Documents comments:
76. Have you completed a logic model or CBWTP strategic plan for this transaction? If so, please upload:

Attachment 2: Water Transaction Process Flow Chart

Columbia Basin Water Transactions Program – Process Flow Chart
October 1, 2019



Attachment 3: ISRP Evaluation Criteria

Columbia Basin Water Transactions Program Criteria for Evaluating and Prioritizing Proposals to Secure Tributary Water

Goal: The National Fish and Wildlife Foundation (NFWF), the regional entity for the Columbia Basin Water Transactions Program (CBWTP), will evaluate and prioritize water transaction proposals for prospective funding by Bonneville Power Administration (BPA) based on the extent to which the proposals submitted by the Qualified Local Entities (QLEs) satisfy the following criteria. To qualify for prospective funding, a proposal need not meet all the criteria below, with the exception of the administrative and accountability criteria.

1. The proposal satisfies the following accountability criteria:

- The QLE has provided the necessary documentation including transaction checklist, water right documentation, landowner contract and state agency, or comparable approval, authorization (if applicable).
- The QLE agrees to update the water transaction checklist and forward a final version to NFWF upon implementation of the proposal.

2. The proposal satisfies the following administrative components:

- The water rights to be secured are valid and verifiable.
- Landowner/irrigation district agreements are signed or the steps to completion are manageable and timely.
- Agency approval, or comparable approval, has been received or a plan is in effect to ensure transfer of the water is in accordance with the applicable state agency rules (if applicable).

3. The proposal satisfies the following hydrologic components:

- The proposal will secure water for in-stream tributary flows at a location where low flows are a limiting factor to fish survival, productivity and distribution and for the maximum reach of river legally and physically possible. [Location]
- The water right is of significant seniority to be protected in-stream or is protectable instream from diversion regardless of priority date (e.g., diversion elimination agreement) at a time of year when needed to benefit fish and wildlife. [Timing]
- The quantity to be transferred will incrementally restore flow in the targeted reach to address the identified limiting factor. [Amount]

4. The proposal provides a direct benefit to the following biological components:

- ESA listed species in BiOp priority areas are expected to benefit from the proposal when implemented.
- ESA listed anadromous species are expected to benefit from the proposal when implemented.

- ESA listed resident species or state species of concern, wild fish, or wildlife populations are expected to benefit from the proposal when implemented.
- Water quality for habitat is expected to improve due to increased quantity.

5. The proposal fully explores the innovative components:

- The proposal uses an existing innovative method that increases tributary flows or will develop a new transactional strategy for tributary flow enhancement.
- The proposal for securing water demonstrates that it is cost-effective in terms of local and regional markets. NOTE: CBWTP Valuation policy applies and will be posted on the NFWF website.
- The proposal is based upon or will develop standardized appraisal and valuation methods.

6. The proposal satisfies the monitoring components:¹

- The proposal documents how compliance monitoring will be implemented and reported via the CBWTP's Accounting Framework compliance monitoring forms.
- The proposal makes provisions for basic and effective long-term monitoring of water flow, and benefit to fish and wildlife and water quality.
- Reports analyzing the monitoring data are to be compiled on an annual basis and provided to the CBWTP. Monitoring and experimental design parameters to be measured, sampling approach, and timing and data analysis are included even if the monitoring design, data collection, and evaluation are to be conducted by another agency, program, or individual.
- The proposal provides documentation and assurance of tributary flow improvements in the short-term and the long-term.

7. The proposal provides a watershed context:²

- The proposal demonstrates collaborative efforts with other entities.
- The proposal documents how opportunities for cost-sharing and collaboration with other entities were considered and developed.
- The proposal considers synergistic effects with other mitigation actions in the area.
- The proposal is based upon needs expressed in an existing watershed assessment, NOAA Recovery Plan or subbasin plan in a specific, targeted watershed or it describes

¹ The proposal should describe the monitoring protocols that will be employed to help determine if the proposed flow increase will have the desired benefit.

² The proposal should summarize the issues related to watershed health, streamflows, fish and wildlife status and factors presently limiting their abundance and productivity, and generally give background description and justification for the critical nature or importance of completing the proposed project. This context should explicitly include demonstration of consistency of the project with the Northwest Power and Conservation Council's Fish and Wildlife Program and the appropriate subbasin plan, as applicable.

how a strategic analysis of water acquisition priorities will be developed for that watershed.

- The affected aquatic habitat and adjacent riparian habitat are protected from harmful livestock grazing and other harmful practices.
- The proposal addresses how the transacted flow will affect natural geomorphic and ecological processes.

Attachment 4: TAC Scoring Sheet

Transaction No.:

Transaction Name:

A. Criteria for Evaluating Proposals to Secure Tributary Water

	Key Questions to Consider	Strengths	Concerns	Score (1-5)
Proposal Clarity	(a) Does the proposal clearly state objectives and provide enough information about how the transaction will be structured to meet the objectives? (b) Has the proponent provided clear and complete answers sufficient to allow the reviewer to evaluate the proposal?			
Biological Components	(a) Does the proposal identify the limiting factors affecting ESA listed ESUs; ESA listed ESUs with BiOp targeted populations; ESA listed resident species; or other species of concern, and clearly demonstrated the benefit from implementation? (Qs 23, 24) (b) Is the proposal supported by an ESA Recovery Plan or Subbasin Plan under the Fish & Wildlife Program that identifies water transactions as an appropriate response to addressing factors limiting a specific life history stage(s)? (Qs 27, 38)			
Hydrologic Components	(a) Does the proposal secure water at a <u>location</u> where low flows are a limiting factor? (Q 20) (b) Does the proposal secure water at a <u>time</u> of year when needed to address an identified limiting factor? [Factors to consider include priority date, season of use, etc.] (Qs. 20, 19, 25) (c) Does the proposal secure a <u>quantity</u> of water in an amount that will incrementally restore flow in the targeted reach to address an identified limiting factor? (Q 20) (d) Does the proposal satisfy a flow target upon implementation or fully restores the natural hydrograph (e.g., removes the last diversion from a stream)? (Q 20)			
Watershed Context	(a) Does the proposal provide the reviewer context and linkages to additional habitat restoration activities addressing other limiting factors, including climate change resiliency? (Q 27, 36) (b) Does the proposal provide for monitoring of tributary flow improvements consistent with FRAF Guidelines? (Q 29) (c) Does the proposal provide for monitoring of benefit to fish and wildlife, habitat and water quality? (Qs 35, 29-31)			
Cost Effectiveness	(a) Are the valuation methodologies documented and based on reasonable assumptions for determining the value of water? (b) FOR NFWF TO COMPLETE: Did the NFWF valuation contractor find the proposal cost-effective in terms of local and regional markets? X Yes No			
Capacity of Applicant	(a) Does the proposal demonstrate collaborative efforts with other entities, engagement with the appropriate partners? (Q 14) (b) Does the proposal include cost share from sources other than the CBWTP? (Q 49)			
Project Term	Is this a permanent project, long-term project (5-99 years), or a short-term project with a long-term flow restoration strategy? (Qs 7, 12, 13)			

B. Overall Score:

Overall Score (1-5)	Rationale