



# WATER RIGHT APPRAISALS

## Who/What/When and How Do They work?

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# Who does water right appraisals?

## Examples

- **WestWater Research** (<https://waterexchange.com/>)
- **Aspect Consulting** (<https://www.aspectconsulting.com/>)
- **AMP Insights** (<https://www.ampinsights.com/>)
- **Western Water Market Professionals** (<https://westernwatermarket.com/>)



# What are water right appraisals?

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- **Estimates of value (or range of values) to support a transaction**
- **Used to inform one or both parties**
- **Can be public or confidential**
- **Are often tied to intended future uses**

# When and why are water right appraisals conducted?

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- Sometimes not at all—parties can agree without one
- Sometimes by the Seller to determine the market
- Sometimes by the Buyer to determine if the Seller is charging a fair price
- Sometimes by a funding agency for wise use of tax dollars
- Often during the Purchase and Sale Agreement process

# How are appraisals done?

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## Examples

- **Comparable Sales Approach**

- What have other “relevant” water rights sold for?

- **Land Price Differential Approach**

- County assessment and other sales data with and without water?

- **Replacement Cost Approach**

- How much can replacement water be developed for (e.g., storage, conservation)?



# Selah Moxee Irrigation District Water Bank



- Created by retiring farmland due to urbanization and conservation
- Adjudicated basin, instream flows, groundwater closures
- Demand from downstream municipalities, agriculture, industry, fish
- Auction by Western Water Market used to evaluate market prices
- Range of bidders (agriculture, industry, domestic)
- Lease values ranging from \$275 to \$350/acre-foot/year
- Purchase values ranging from \$9,000 to \$14,000 / acre-foot

# Transalta Water Bank

- Created by retiring consumptive water use from a power plant
- Basin has adopted instream flows, no new water rights
- Demand from downstream municipalities, interruptibles, fish
- WestWater Research appraisal – Market rate in the range of \$2,750
- Original negotiated price with cities (\$1,500/acre-foot)
  - Historic intent to supply water to cities dating back 50 years
- Current offered price (\$2,950)



# “Local Transactions”

**Note: Each transaction is unique, not necessarily precedential for future transactions**

## ■ **MVID / Twisp Lease/Purchase**

- 2001 lease of 400 ac-ft for \$50/ac-ft, then 2014 sale at \$2,222/ac-ft
- Complicated one-to-one transaction given Ecology water right interpretation

## ■ **City of Oroville / Local Farmer**

- 2011 purchase of 55 acre-feet for \$10,000 / ac-ft
- Who's upstream of Oroville? What is the opportunity cost of moratorium?

## ■ **OTID / Chelan PUD Lease**

- 2023 Water Service Contract for 4,000 acre-feet at \$1M/year (\$250/acre-foot/year)
- Need for mitigation for a multitude of existing and future facilities, interim fish benefit



A scenic landscape featuring a calm river in the foreground, a vineyard in the middle ground, and a large, arid hillside in the background under a cloudy sky. The text "Questions for Panel?" is overlaid on a green banner across the center of the image.

# Questions for Panel?