

WATER RIGHTS PROCESSING TOPIC PAPER

Approved by the Island County WRAC, 10/02/03
Approved by the Board of Island County Commissioners, 10/15/03
Island County / WRIA 6 Watershed Planning Process

Water Rights Processing Topic Paper

*Note: Terms in **bold** are defined in the Glossary (Attachment 1).*

Issues

- The backlog of **water right applications** in Island County results in delays of up to several years before applicants will have an answer from the Department of Ecology on whether their water right is approved or not.
- The successful implementation of the **Early Action Plan** has made some progress in reducing the backlog and has helped direct water rights processing to the highest priority areas of the County. Nevertheless, at the current rate it will take on the order of 5 to 10 years to eliminate the backlog. Also, Ecology staffing to support the plan implementation is subject to legislative and agency changes.

Goals

The WRAC has identified the following goals for addressing water right issues:

- *Water right processing should be timely* - the backlog should be eliminated and new water applications should be processed as they come in.
- *Water rights processing should be efficient* – Water right applicants should know that their application is being processed quickly, efficiently, and consistently. The application process, the information required of applicants, and the WDOE review time should be clear to applicants
- *Water right processing should more closely reflect the true costs* – The cost of a water right application is seriously mismatched with the cost of the application review. This cost to the applicant should reflect the true cost of review, but this must be coupled with an assurance of timely, efficient review.

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1 Introduction

2
3 This topic paper presents a brief background on water rights, the results of the Island
4 County water rights assessment, the Island County Early Action Plan, a discussion of
5 how watershed planning can address water rights, and options for the watershed
6 management plan.

7
8 **Water rights** are an essential component of Island County’s watershed plan for several
9 reasons:

- 10
- 11 • It is a requirement of the Watershed Planning Act to, among other things, provide an
- 12 estimate of water rights currently and to consider additional water allocations as a
- 13 strategy for increasing water supply (RCW 90.82.070);
- 14 • Continuing available water supplies in Island County are dependent on effective
- 15 water resource management, including the allocation of water through water rights;
- 16 • The Department of Ecology’s (WDOE) management of water rights is an important
- 17 subject in Island County and state-wide; and
- 18 • Continued processing of water rights was a critical issue during the initiation of
- 19 watershed planning in Island County.
- 20

21 This topic paper relates to future topic papers on **exempt** (small quantity) groundwater
22 withdrawals, seawater intrusion, alternative sources of water, and stream flows.

23 24 25 Background

26
27 The term “**water rights**” very generally captures a complicated set of issues contained in
28 state water law, water rights themselves, and water right application processing. Each of
29 these areas is explained in more detail below.

30 31 *Water law*

32
33 Washington water law is based on the premise that water is a natural resource held in
34 common for the public good. Therefore, water is not owned by individuals, but
35 individuals may have the right to use it. The right to use water is primarily based on the
36 western water law concept of “first in time, first in right.” That is, the first individuals to
37 put water to use have a senior right to that water and junior users may only use water
38 after the senior users’ rights are satisfied.

39
40 Washington’s water codes were first established in 1917. That code affirmed the
41 concepts above, set up a permit system for all future users of surface water, and
42 established legal procedures for adjudicating conflicts between existing water users. The
43 water codes were extended to groundwater in 1945, with similar permit requirements.
44 Notably, the groundwater code exempts small withdrawals of groundwater of less than

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1 5,000 gallons per day for domestic use or irrigation of ½ acre or less. These withdrawals
2 are commonly referred to as “**exempt wells.**” In 1967 a **claims** registry was created as a
3 means for individuals to document water rights established prior to the permit systems.
4 In 1971, in response to ever increasing conflicts between users, the water codes were
5 expanded to emphasize the public benefits of water, protection of streams and other
6 natural resources, and better data collection and management.

7 8 *Water Rights*

9
10 A **water right** is a legal authorization to use a certain amount of water for a specific
11 beneficial purpose. Water rights come in the form of **permits** or **certificates**. A permit
12 is the right to develop a water use on a specified schedule with reasonable progress and
13 due diligence and with certain conditions such as protection of senior water right holders.
14 A certificate is granted once the water right development schedule and all the conditions
15 have been satisfied. Water right permits and certificates typically specify:

- 16
- 17 • the source of water,
- 18 • the point of diversion or withdrawal,
- 19 • the purpose of use,
- 20 • the quantity of water that may be used,
- 21 • how the water will be used,
- 22 • where it will be used,
- 23 • conditions such as seasonal use, and
- 24 • priority date of the water right (generally the date of **application**).
- 25

26 A water right typically stays with the property and is passed from owner to owner so long
27 as the water is continuously put to use as specified in the permit. Water rights can be
28 transferred to other properties or uses which typically requires a **change** in the permit
29 (discussed below).

30
31 The WDOE is charged with granting **permits** and **certificates**. In order to be granted, a
32 water right permit must pass a four part test. First, the water use must be beneficial.
33 Second, there must be no impairment of senior water right holders. Third, the water must
34 be available. Fourth, the granting of a water right must not be detrimental to the public
35 interest. To answer these tests generally requires both a technical and legal review of the
36 water right application.

37
38 A **claim** is an assertion that water was used prior to the establishment of the water codes.
39 A claim is not a **water right** authorized by the state, rather it is a statement of belief that
40 a water right exists. A claim can only be vested, that is determined to be valid, by a
41 superior court in a process called an **adjudication**. Claims have been documented during
42 several periods on the claims registry established in 1967. Between 1969 and 1974
43 approximately 200,000 claims were filed (2,764 claims in Island County). The state

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1 accepted the information on claims as reported by the claimants. Because adjudication is
2 the responsibility of the courts, no efforts were made by state agencies to review the
3 validity of the claims.

4
5 **Water rights** can be wholly or partially lost after five or more years of non-use, unless
6 there is sufficient cause for the non use such as a drought. The return of the unused water
7 to the state is called **relinquishment**. Water right holders can voluntarily relinquish their
8 water rights. WDOE, at the prompting of a third party can initiate a non-voluntary
9 relinquishment through an administrative order. The water right holder must then show
10 to WDOE or via an appeal to the Pollution Control Hearings Board that the water has
11 been used or sufficient cause for non-use. If use or sufficient cause for non-use is not
12 shown then the water right will be relinquished. While **claims** may not be valid due to
13 non-use, only a superior court through an **adjudication** can make that determination.

14 15 *Water Right Application Processing*

16
17 Water right **applications** come in two forms – new applications and **changes** to existing
18 applications. The applications are processed by the WDOE generally in the order
19 received. The applications are divided up among the four regions of the WDOE, and
20 they are often divided up even further into batches of applications within a single source
21 of water. In 2001 the legislature allowed WDOE to begin processing water right changes
22 on a separate track from new application. Water right applications can also be processed
23 on a cost-reimbursement basis where the applicant pays the WDOE's cost of the
24 processing of their application and every other application ahead of them in the same
25 water source. Water right changes can be processed by local **Conservancy Boards** (such
26 as the Island County Conservancy Board) subject to WDOE review. Attachment 2
27 details the steps generally required to process a water right application.

28
29 There is a significant backlog of water right applications. Currently (FY 02) the water
30 right application backlog consists of over 5,000 new applications (approximately 74
31 applications in Island County) and 1,500 change applications state wide (there is
32 currently no backlog of change applications in Island County). At recent staffing levels,
33 WDOE has processed about 150- 200 new applications per year. With recent additional
34 staffing, WDOE has made substantial progress (over 400 applications processed) in the
35 change application backlog.

36
37 It is important to note that the recent passage of the Municipal Water Rights Bill (E2SHB
38 1338, July 2003) may reduce the demand for new water rights and thus aid in reducing
39 the water right application backlog. This bill essentially clarifies that water systems of 15
40 or more connections can use up to the full quantity of water reported on a **water right**
41 **certificate**. This clarification likely provides some water systems with an unused (often
42 referred to as **inchoate**) portion of existing water rights. These unused existing rights can
43 be used to accommodate future growth rather than applying for new water rights. The

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1 extent to which these existing unused water rights can be used will be the topic of a
2 subsequent issue paper.

3
4 The cost of a water right permit **application** is specified in state law as \$10 (not including
5 additional permit development costs such providing technical information and public
6 notice). It costs the Department of WDOE an average of over \$7,400 to perform the
7 technical and legal review of the application. The cost of having a water right considered
8 through cost-reimbursement payments to a consultant is on average about \$21,800, with
9 no cost to the state. Conservancy board charge on average a little over \$500 per change
10 application. WDOE's review costs an additional \$3,700. It should be emphasized that
11 these are the costs of the review and consideration of the application. The decision
12 resulting from that review could be an approval, a conditional approval, or a denial.

13 14 15 **Island County Water Rights and Claims Assessment**

16
17 As part of the watershed planning assessment, the WRAC groundwater committee has
18 made an initial estimate of the existing **water rights** and claims in Island County (April
19 2002). The numbers are reported in Table 1.

20
21 Table 1 – Water Rights and Claims in Island County

Type	Number	Estimated annual quantity of water represented by water rights (acre-feet)	% Total Allocation
Permits	62	28075	6%
Certificates	696		51%
Claims	2,764	22867	43%

22
23
24 These "paper" water rights represent approximately 50,000 acre feet per year of potential
25 water use. This is nearly four times the estimate of actual water use contained in the
26 Island County Early Action Plan. This paper record is of uncertain validity and precision,
27 but must be considered when making decisions on future water allocations.

28 29 30 **Island County Early Action Plan**

31
32 In order to support the timely processing of **water rights** in Island County and to direct
33 the efforts to the highest priority areas, the WRAC prepared an **Early Action Plan** during
34 the first stages of watershed planning (August 2000). The Early Action plan divides the
35 county into a number of generally hydrologically independent areas and prioritizes those
36 areas for water rights processing based on two tracks. The first track is age of the
37 application, with the oldest applicants getting the first priority. The second track is
38 support of local priorities, with areas targeted for high growth and with greater water

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1 availability receiving the highest priority (this prioritization is explained further in the
2 glossary). The early action plan was developed in cooperation with the WDOE and
3 WDOE has used it as guidance for processing water rights. As of September 2003, water
4 right processing in Island County pursuant to the Early Action Plan has yielded the
5 following actions:

- 7 • WDOE has maintained the equivalent of 1 full time employee working on Island
8 County water rights,
- 9 • 64 water right applications processed (41 new applications and 23 change
10 applications),
- 11 • The entire backlog of change applications has been eliminated, and
- 12 • The first 9 priority areas in the EAP have been completed.

13 14 15 **Watershed Planning and Water Rights**

16
17 Island County's watershed plan can affect **water rights** in three principle areas: (1)
18 recommendations to the legislature and courts, (2) agreed upon state management
19 strategies, and (3) local actions to support water rights processing.

20
21 Each of these areas and specific options within them is discussed below.

22 23 *Recommendations to the legislature and courts*

24
25 Changes in water law, the level of effort devoted to water rights processing, and in water
26 rights **adjudications** are controlled mainly by the legislature and the courts. The
27 watershed plan, while representing a strong statement of local interest, is not binding on
28 them. The plan will necessarily be limited to recommendations in these areas.

29
30 Changes in Water Law – The WDOE, local governments, and individuals are bound by
31 state water laws. Only the Washington State Legislature can change water law.
32 Therefore any elements of water law that conflict with the management goals of Island
33 County cannot be addressed by the watershed plan itself, but must come in the form of
34 recommendations to the legislature. That said, the legislature has made a strong
35 investment in local watershed planning and will likely be receptive to ideas that come out
36 of the watershed plans. It is important that Island County's watershed plan identify any
37 potential conflicts in water law and make recommendations to the legislature for
38 correcting them. Island County's individual recommendations can influence future
39 legislative actions on state law. Shared recommendations that come from a number of
40 watershed planning efforts state wide will have an even greater influence.

41
42 Level of Effort – The WDOE's level of effort or rate at which it processes water rights is
43 determined mainly by the legislature's level of funding and secondarily by staffing
44 priorities within WDOE. In recent years, water rights processing has been called out for

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1 both increased and decreased staffing as a specific budget item in legislative
2 appropriations. Concerns and recommendations about the level of effort directed towards
3 water rights processing could be directed towards the appropriate decision makers.
4

5 Adjudication – An **adjudication** is a process where all those claiming the right to use
6 water from a water source are joined in a single legal action to determine the rights and
7 priorities for the use of the water. An adjudication confirms the validity, quantity, and
8 priority order of every water right **certificate, permit, and claim** in the water source.
9 Adjudications are initiated by WDOE or by water right holders and are overseen by a
10 state superior court. An adjudication is the only means to determine with certainty the
11 validity of claims. Also, an adjudication is necessary to confirm priority dates before
12 WDOE can regulate between existing water right holders. Because they are difficult,
13 time consuming, and costly, only a few areas of the state have been adjudicated. The
14 ongoing Yakima adjudication has taken over 20 years so far.
15

16 *State Management Strategies*

17
18 The watershed plan can, with state agency agreement, direct state agency actions that
19 affect water rights. The plan can drive administrative rules or agency policies that govern
20 the WDOE's administration of water rights. These will need to be developed in close
21 coordination with the agency to ensure that they are legal and feasible.
22

23 Administrative Rules – The watershed management act contemplates that elements of the
24 watershed plan will be written into state administrative rules. These rules can govern
25 how the WDOE administers water rights in Island County within the bounds of water
26 law. Existing administrative rules for other areas of the state include provisions for the
27 protection of stream flows, limitations on small well exemptions, reservation of water
28 supply for municipal and commercial uses, and priorities for water uses. Administrative
29 rules can dictate very firm and precise administrative policies. It should also be noted
30 that, once in place, it is difficult to change an administrative rule.
31

32 Policy Guidance – The watershed plan can make recommendations to the WDOE on how
33 WDOE could use its administrative discretion in the processing of water rights. WDOE
34 has limited discretion in setting priorities for water rights processing, in the technical
35 review of water rights, and in the kinds of technical assistance it provides to applicants
36 and local governments. The **Early Action Plan** and the **Memorandum of Agreement**
37 on coordinating water resource planning, management, and permitting are examples of
38 policy guidance. Policy guidance is more flexible and easily changed than rule making.
39 It also may be seen as a less firm commitment.
40
41
42
43
44

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Local Actions

The county and other local governments, as well as the private sector can support and facilitate water rights processing in several ways, such as technical assistance and coordination, community information and assistance, coordination with local policies and plans and local options for water rights processing.

Technical Information – Readily available technical information is of great assistance to water right applicants and WDOE in the processing of water rights. The county already provides a great of that information via the county hydrogeologist and the county water information database. There may be opportunities for improving this.

Community Information – Local governments and private groups such as water purveyors, consultants, and public interest groups can assist Water rights processing with by providing good information to the community on what it takes to get a water right, where the challenges lay, and other options that might be considered.

Local Policies and Plans – WDOE may consider local plans and priorities when prioritizing water right processing work load and must consider the public interest when issuing water rights **permits**. Local governments can assist WDOE in providing this information. The WRAC and the Early Action Plan represent current examples of this.

Local options for water rights processing – As discussed above, water rights may be processed by conservancy boards and through cost-reimbursement. Island County has formed a **Conservancy Board** who has aided in clearing the backlog of water right change applications. This option can be continued. Applicants who are willing to pay can turn to cost-reimbursement for water rights processing. This has been done to a limited extent in Island County. It may be possible to encourage more cost reimbursement through information or other incentives.

Options

The WRAC has identified the following potential options for water rights. These options are conceptual. Options that the County Commissioners support can be developed in more detail.

Options for improving water rights processing (State Actions)

Option # 1: Improved WDOE Water Right Processing and Fees – WDOE should have adequate staffing to work through the water right application backlog and keep up with new applications. This could be supported through water right application fees that more closely reflect the cost of reviewing a water right. Furthermore, the cost of protesting a water right should be raised to more closely reflect the cost of addressing protests. This

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1 would be a recommendation by the BICC to the legislature to change water law and fund
2 Ecology staff.

3
4 Option # 2: Order and Priority of Water Rights Processing – The Island County **Early**
5 **Action Plan** has expressed a priority order for processing water rights. This currently
6 exists as policy guidance for WDOE. The guidance could be updated based on emerging
7 information from the watershed planning process. The guidance could also be written in
8 to state rule to provide more surety.

9
10 *Options for improving water rights processing (County Actions)*

11
12 Option # 3: Move Conservancy Board in to County Government – The **Conservancy**
13 **Board** is an important tool in ensuring that the water rights changes are processed in a
14 timely manner. While there is little current demand, it is important to maintain this
15 capacity in the county. The conservancy board could be moved from an independent
16 institution in to county government to reduce the liability insurance costs.

17
18 Option # 4: Local Facilitation of Water Rights – Island County has demonstrated track
19 record of sound management of water resources. In particular, the county has established
20 water availability review requirements for exempt withdrawals in areas of seawater
21 intrusion. The county develops and maintains excellent technical capacity to support
22 local and state water resource management. The county’s capacity could be used to
23 assist **water right** applicants in the development of technical information required to
24 obtain a water right. Work that the county is able to accomplish in advance of the
25 WDOE review would reduce WDOE time required for water right review. The county
26 could also screen complete applications that are ready to proceed, identify alternative
27 water supplies, and provide applicants with an early indication of their likelihood for
28 approval. This might be accomplished through a negotiated management strategy with
29 the WDOE. A negotiated strategy could include specific tasks to be performed by the
30 applicant, the county and WDOE, and timelines for each of the tasks (Attachment 2
31 details the steps generally required to process a water right application). It may also be
32 possible through state rule making for WDOE to give county-reviewed water right
33 applications priority processing. Options for supporting the county’s additional workload
34 include: fees, state watershed plan implementation funds, or a request to the legislature to
35 fund county efforts. Water right applications could still be made directly through
36 WDOE.

37
38 Option # 5: Facilitate Cost Reimbursement - The Island County Watershed Plan could
39 develop and recommend a county administered approach to encouraging and facilitating
40 cost reimbursement. **Water right applicants** may elect to pay for the full cost of
41 Ecology processing their water right application. They must also pay for the processing
42 of any senior application in the same water source. By paying for the processing, the
43 applicant is not subject to the long waits typically associated with water right
44 applications. Under this option Island County would work as a proponent, facilitator, and

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1 broker of water right applicants pursuing cost reimbursement. This might entail
2 preliminary technical and legal analysis to determine water sources, the applicants within
3 those sources, and likelihood of water availability. It may also entail the county actively
4 encouraging groups of applicants to collectively fund water right review within their
5 water source. This could be done within the existing water law and the approach
6 developed independently or in consultation with Ecology. Options for supporting the
7 county's additional workload include: fees, state watershed plan implementation funds, or
8 a request to the legislature to fund county efforts.
9
10

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Attachment 1 - Glossary

1
2
3
4 **Adjudication** – The process where all those claiming the right to use water from a water
5 source are joined in a single legal action to determine the rights and priorities for the use
6 of the water.

7
8 **Application** – A request to the state for a new water right or change to an existing water
9 right. Applications must contain information such as intended place of withdrawal or
10 diversion, place of use, purpose of use, and number of people to be served or acres
11 irrigated.

12
13 **Certificate** – Documentation of a fully developed water right where all water has been
14 put to use and all permit conditions have been satisfied.

15
16 **Change** – A change in how or where water is used by a water right or claim holder often
17 requires WDOE review and approval. Changes include moving the place of withdrawal
18 or place of use, different uses for the water, and different quantities of water.

19
20 **Claim** - An assertion that water was used prior to the establishment of the water codes

21
22 **Conservancy Board** – A local board established to process water right change
23 applications and issue initial decisions on the change requests. Conservancy Board
24 decisions are subject to WDOE review. The Island County Conservancy Board consists
25 of three members appointed by the County Commissioners.

26
27 **Early Action Plan** – A plan prepared by the WRAC in August 2000 during the first
28 stages of watershed planning that makes recommendations on the timely processing of
29 water right applications and a regional priority order for processing those applications.
30 The plan recommends that WDOE direct its work in two priority areas. First, those areas
31 with the oldest applications. Second, in high priority areas as determined by a ranking of:

- 32 ○ agricultural demand,
- 33 ○ undeveloped parcels,
- 34 ○ urban growth area,
- 35 ○ evidence of seawater intrusion,
- 36 ○ relative availability of water

37
38 **Exempt Well** - Small withdrawals of groundwater of less than 5,000 gallons per day for
39 domestic use or irrigation of ½ acre or less exempted from permitting requirements.

40
41 **Inchoate** – The unused portion of a water right permit or certificate that the water right
42 holder is legally entitled to use in the future. For example, water rights for community
43 water systems are often issued with a schedule under which they may develop their water
44 system. As the community grows, a portion of the permitted water is put to use and a

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1 portion remains as an inchoate right to serve future growth subject to the terms of the
2 permit.

3
4 **Memorandum of Agreement** – A 1990 Memorandum of Agreement between the
5 Department of Ecology, Water Resources Program and Island County that relates to the
6 coordination of water resource planning, management, and permitting activities.

7
8 **Permit** - The right to develop a water use on a specified schedule with reasonable
9 progress and due diligence and with certain conditions such as protection of senior water
10 right holders.

11
12 **Relinquishment** - The return of the unused water to the state because the water has not
13 been used for five or more years without sufficient cause for the non-use such as a
14 drought.

15
16 **Water Right** - a legal authorization to use a certain amount of water for a specific
17 beneficial purpose. Water rights come in the form of permits and certificates. The term
18 “water right” is also often used more generally to include claims.

19