

Meeting Date: June 12, 2024

Agenda Item No.: 1

Agenda Item: Purchase of Palisades Water Shares
(ACTION)

Bureau Chief Approval: SR

Prepared by: Casey Pozzanghera, Natural Resources Program Coordinator; Rob Cavallaro, Regional Wildlife Habitat Manager

Background:

Upper Snake Region staff were recently approached by a private party interested in selling 150 shares (150-acre feet) in the Palisades Water Users Inc., evidenced by Share Certificate #980. Staff believe this is a significant opportunity to address some of the wetland habitat maintenance challenges at Market Lake WMA. Staff estimates that acquiring 150-acre feet of water will allow managers to flood/manage approximately 10% of the wetland acreage on the WMA, while improving the Department's ability to manage these wetlands independent of adjacent water users.

The regulatory authority for utilization of Palisades water is 1) the USBOR (water right holder) and 2) the Palisades Water Users Inc. (PWUI [contracts with USBOR to use water shares]). IDFG Regional and Headquarters staff consulted with Westwaters Research LLC to value these shares and provide a clearer understanding of the feasibility of using these shares as wildlife storage, which has been deemed allowable under both USBOR and PWU bylaws with some caveats and restrictions. USBR water rights for Palisades Reservoir are relatively "junior" compared to the priority dates of other USBR reservoir water rights in the Upper Snake River Basin reservoir system; and therefore, the water rights do not provide a reliable water supply in all years. This volatility along with the conditions for using this water as wildlife storage will allow the Department to use water shares (on average) about every other year, depending on reservoir levels. While complexities with the use and delivery of this water do exist, they are largely mitigated by the potential benefits to the WMA and the real economic value of these shares. These water shares are a sought-after asset that can be resold if necessary and have revenue generating capacity (approximately \$3300/year) if left in the rental pool.

The 150 shares have been given an estimated market value of \$360,000 (\$2,400/share), and the Department has provided a letter of intent to purchase at that price contingent on Commission approval. The Department proposes to use IDFG Access funds from FY2025 for this purchase.

This proposal was previously presented to the Commission during Executive Session in May 2024.

Statutory Authority and/or Policy issues:

The Idaho Fish and Game Commission has the authority to acquire land and water (Idaho Code 36-104(b)(7)).

Staff Recommendation:

Staff recommend purchasing Palisades Water Users, Inc. Share Certificate #980 for 150 shares of Palisades Reservoir water.

Suggested Motion: I move the Commission purchase Palisades Water Users, Inc. Share Certificate #980 for 150 shares of Palisades Reservoir water.