Priming California’s Water Market Pump

Directed by Reed Watson

May 2–3, 2011
Hoover Institution
Stanford, California
PRIMING CALIFORNIA'S WATER MARKET PUMP:
A WORKSHOP FOR POLICY ENTREPRENEURS

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An Overview

The purpose of this workshop is to identify and discuss the institutional barriers to water marketing in California. We have invited a mix of scholars, professionals, and policy makers with an expertise in the state's water market. Our expectation is that an open dialogue between these experts will produce specific policy reforms aimed at reducing the transactions costs and increasing the gains from trade for California water users.

Proposed outcomes:
• Identify key institutional barriers to developing more robust water markets in California.
• Identify policy entrepreneurs capable of proposing, selling, and implementing market-based reforms.
**Agenda**

**MONDAY, MAY 2**

*All sessions and lunch to take place in the Herbert Hoover Memorial Building, Room 130.*

8:00 – 11:00 a.m.  
Arrival

12:00 – 1:00 p.m.  
Lunch

1:00 – 2:15 p.m.  
Session I: Performance versus Potential: Is There Room for Improvement?  
Discussion Leader: Terry Anderson

2:15 – 2:30 p.m.  
Break

2:30 – 3:45 p.m.  
Session II: Administrative Approval Process: Balancing Efficiency and Enforcement  
Discussion Leader: Brian Gray

3:45 – 5:00 p.m.  
Session III: Third-Party Protections: California Water Code §386, the No-Injury Provisions, and the Watershed Protection Act  
Discussion Leader: Buzz Thompson

6:30 p.m.  
Dinner, Caffe Riace  
200 Sheridan Avenue  
650.328.0407
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Discussion Leader</th>
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<tr>
<td>9:00 – 10:15 a.m.</td>
<td><strong>Session IV: Uncertain Rights: Endangered Species Act and the Public Trust Doctrine</strong></td>
<td>Jim Huffman</td>
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<td>10:15 – 10:30 a.m.</td>
<td>Break</td>
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<td>10:30 – 11:45 a.m.</td>
<td><strong>Session V: Groundwater Banking and Active Recharge</strong></td>
<td>Russ McGlothlin</td>
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<td>12:00 – 1:00 p.m.</td>
<td>Lunch</td>
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<td>1:00 – 2:15 p.m.</td>
<td><strong>Session VI: Monopoly Distortions: Buyers, Sellers, and Conveyance</strong></td>
<td>Scott Slater</td>
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<td>2:15 – 3:30 p.m.</td>
<td><strong>Session VII: Strategy Development for Policy Reform</strong></td>
<td>Reed Watson</td>
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<td>3:30 p.m.</td>
<td>Departure</td>
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<tr>
<td>Terry L. Anderson</td>
<td>Lewis &amp; Clark Law School</td>
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<td>Joya Banerjee</td>
<td>Russell M. McGlothlin Brownstein Hyatt Farber Schreck</td>
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<td>Carlee Brown</td>
<td>David L. Osias Allen Matkins Leck Gamble Mallory &amp; Natsis LLP</td>
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<td>Zack Donohew</td>
<td>Scott S. Slater Brownstein Hyatt Farber Schreck</td>
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<td>Eric Edwards</td>
<td>C. Wesley Strickland Brownstein Hyatt Farber Schreck</td>
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<tr>
<td>Brian E. Gray</td>
<td>David L. Sunding University of California, Berkeley</td>
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<td>Barton H. Thompson Jr. Stanford University</td>
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<td>Allison Harvey Turner S. D. Bechtel, Jr. Foundation</td>
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<td>James Huffman</td>
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**Director**

Reed Watson

PERC
**PERC** is the nation’s oldest and largest organization dedicated to improving environmental quality through property rights and markets. Established in 1980, PERC pioneered the approach known as “free market environmentalism” (FME). This approach is based on the tenet that private property rights encourage stewardship of resources. When political solutions are called for, PERC provides market-based approaches rather than regulatory sticks.

Over the past three decades, PERC has grown into an institution providing a complete package for free market environmentalism by combining research, outreach, and applied programs. Hence, we are increasingly known as PERC University. At “PERC U,” research generates ideas and evidence of how markets and property rights improve environmental quality. Outreach takes research to opinion leaders and policy makers who can formulate positive changes incorporating free market environmentalism. Applied programs help conservationists and resource managers create value for their environmental assets.

These three components are bound together by the expertise of the PERC staff and the scholars, journalists, policy makers, and environmental entrepreneurs who converge at PERC University. This combination offers a powerful force for improving environmental quality while expanding human freedom.

**PERC PROGRAMS**

**RESEARCH**

*Lone Mountain Fellowships:* Lone Mountain Fellowships offer a unique opportunity for scholars, journalists, policy makers, and environmentalists to advance our understanding of the role of markets and property rights in protecting and enhancing environmental resources. Lone Mountain Fellows are in residence at PERC for periods ranging from a week to a year, depending on the nature of their projects.

*Graduate Fellowships:* Graduate students and law students spend three months at PERC researching issues related to natural resources and the environment.

**OUTREACH**

*Media Fellows:* Media Fellowships are open to journalists interested in learning more about markets and environmental issues. Media Fellows spend a minimum of a week in Bozeman, Montana, where they visit with PERC researchers and explore topics of interest.

*Colloquium for Undergraduate and Graduate Students:* A week-long seminar on free market environmentalism for college students, offering the chance to look at other approaches to environmental issues.

**APPLIED PROGRAMS**

*Enviropreneur Institute:* A two-week educational experience in Bozeman, Montana, for environmental entrepreneurs who want to have a better understanding of how business and economic principles can be applied to environmental problems. The curriculum equips conservation leaders with the necessary tools of contracts, communication, property, and economic analysis to become more effective environmental stewards.

*Enviropreneur-in-Residence:* An opportunity to spend up to three months at PERC developing an idea or business plan that implements a market-based solution to an environmental problem.
PERC Person nel

Executive Director
Terry L. Anderson

Deputy Director of Development & Operations
Pete Geddes

Deputy Director of Finance
Monica L. Guenther

Director of Outreach
Laura E. Huggins

Director of Research
Donald R. Leal

Director of Media Relations
Linda E. Platts

Director of Applied Programs
Reed Watson

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Dianna L. Rienhart

Accountant
KayCee Pulasky

Conference Coordinators
Colleen Lane
Renee Storm

Administrative Assistants
Genevieve Kulaski
Sharie Rucker

Senior Fellows
Daniel K. Benjamin
David D. Haddock
P. J. Hill
Donald R. Leal
Gary D. Libecap
Robert E. McCormick
Roger E. Meiners
Andrew P. Morriss
Jane S. Shaw
Randy T. Simmons
Richard L. Stroup
Walter N. Thurman
Bruce Yandle

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Dominic P. Parker
Kurt E. Schnier

Research Fellows
Holly L. Fretwell
Laura E. Huggins
Brandon Scarborough
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