



1415 Freeway Drive | Mount Vernon, Washington 98273 | (360) 424-7104 | SkagitPUD.org

April 14, 2026

MEMORANDUM

TO: Board of Commissioners
FROM: George Sidhu, P.E., General Manager
SUBJECT: Skagit PUD Water Lease Program Discussion

Requested Action:
No action requested, for discussion only.

Background:

Where We Are Now

The current three-year pilot program for seasonal temporary water rights transfers concludes after the 2026 irrigation season. The pilot has operated without compliance issues and has demonstrated that temporary seasonal transfers can be implemented in a controlled and coordinated manner while supporting agricultural users.

As a result, interest in the program — and the question of its future — has increased. The Board is now entering a phase in which decisions about the program’s structure and scope will need to be made.

The purpose of this meeting discussion is not to design the next program or make policy decisions, but to agree on the process that will guide those decisions.

Decision Context

As the Board considers the future of this program, several key questions will need to be addressed:

- Whether the program should remain limited in scope or expand to a broader pool of participants.
- How access should be structured to ensure fairness and consistency as interest grows.
- How to maintain long-term control of the PUD’s water rights while allowing seasonal use.

Policy and Program Decision Process

To ensure that our policy effort is credible, efficient, and ultimately adoptable, it’s crucial for the Board to agree on the decision-making process. Without establishing a process, even a technically strong policy can fail due to mistrust, confusion, or rework. The discussion at this meeting is meant to agree on a process that will:

- Build trust before decisions are made
- Clarify roles and responsibilities
- Prevent rework and delays
- Keep the effort structured and defensible
- Align expectations early
- Separate “How we decide” from “What we decide”

Before we decide what the policy should be, we'll agree on how we'll make those decisions, ensuring the process is transparent, inclusive, and fair to everyone involved.

My recommended approach to developing the Water Lease Program is shown in the attached flow chart and described below:

Initial Process Discussion

Board Meeting on April 14, 2026

Discuss the steps involved in developing the Water Lease Program.

Phase 1 – Policy Development

The first phase focuses on defining the overall direction, constraints, and objectives that will guide any future program.

Step 1: Initial Policy Discussions and Goal Development

Proposed for Board Meeting on April 28, 2026

The Board will begin with structured discussions focused on the program's purpose, key risks, potential benefits, and overall direction. This discussion will **not** include program details, but will instead focus on defining the problems the program is intended to address.

Proposed for Board Meeting on May 26, 2026

Feedback from this discussion will be used to develop a draft policy goal, identify key stakeholder groups, and establish guiding questions for further evaluation.

Step 2: Technical, Operational, and Regulatory Review

Potential discussion at Board Meeting on June 9, 2026

Staff will evaluate legal, environmental, and operational considerations, including coordination with the Washington State Department of Ecology. This review will ensure that any future program:

- Protects existing water rights
- Maintains reliability for PUD customers
- Complies with instream flow requirements
- Operates within regulatory and legal constraints

Step 3: Stakeholder Outreach and Listening

Proposed for Work Session week of June 15

Review of stakeholder input: Proposed for Board Meeting on July 14, 2026

The PUD will conduct a structured stakeholder engagement process to gather input from agricultural users, residents, businesses, regulators, environmental interests, and tribal partners.

This step is intended to:

- Identify areas of alignment and concern
- Surface potential conflicts or competing priorities
- Inform policy direction before decisions are made

Step 4: Policy Framework Development

Proposed for Board Meeting on July 28, 2026

Based on technical analysis and stakeholder input, staff will develop a draft policy framework outlining:

- Eligibility considerations
- Allocation and participation limits
- Environmental and operational safeguards
- Monitoring expectations

Proposed for Board Meeting on Aug 11, 2026

Continued discussion to develop a draft policy for public review:

Step 5: Public Review and Refinement

Timeline TBD

The draft policy will be shared for additional public input. Feedback will be used to refine the framework, address concerns, and improve clarity.

Step 6: Policy Adoption

Timeline TBD

A revised draft policy will be presented to the Board for consideration and adoption. This step may span multiple meetings depending on the level of discussion required.

Phase 2 – Program Creation

Timeline TBD

Following adoption of a policy, staff will develop a detailed program structure aligned with the approved framework.

The program will address:

- Specific eligibility criteria
- Application and approval processes
- Lease volumes and allocation methods
- Pricing structure
- Operational procedures
- Monitoring and reporting requirements

This phase translates policy direction into actionable implementation.

Phase 3 – Pilot Program (Implementation, Agreements, and Evaluation)

Timeline TBD

If supported by the Board, a limited pilot program may be implemented under the adopted policy framework.

The pilot is intended as a controlled approach to:

- Test program structure under real conditions
- Monitor participation and operational performance
- Evaluate environmental and system impacts
- Identify necessary adjustments before broader implementation

As part of the pilot, the following elements would be included:

Lease Agreements (Participation)

- Annual application and review process
- Execution of seasonal agreements with participants
- Defined terms for participation and allocation
- Metering and tracking of water use

Monitoring and Evaluation

- Tracking water use and system impacts
- Ensuring environmental compliance
- Sharing data with key stakeholders
- Refining the program based on performance and conditions

Fiscal Impact:

To be determined.

Enclosures: 1. [Flow Chart](#)
 2. [Schedule](#)