



ABOUT

CONTACT

Grass Valley French Ditch Company provides senior water rights to buyers looking to mitigate the impacts of development in the Missoula area.

The Grass Valley French Ditch Company is one of Missoula's oldest and largest irrigation companies. Now, as Montana's first permitted water bank, the Company is proud to bring its substantial senior rights and long history successfully managing water to buyers looking for mitigation water in the Missoula area.

The Grass Valley French Ditch Company is legally authorized to sell or lease water to mitigate new water withdrawals in the growing Missoula Valley. We serve buyers such as developers of housing subdivisions, businesses looking to offset industrial water use, or agricultural projects in need of additional irrigation or stock water.

What is a water bank?

A water bank is designed to facilitate efficient trades among water users. Across much of Montana, water is over-appropriated, meaning more water is allocated than is physically available in streams or rivers. As such, many areas are closed to new water appropriations, including the Missoula Valley. Any new water use that requires more than a small permit-exempt well is required to mitigate, or offset, its impact on groundwater or nearby surface waters.

Before the Company's water bank was approved, this often meant having to buy and convert senior irrigation water rights to instream flow, an expensive and difficult option. Now, developers can purchase or lease mitigation water much more simply from the Grass Valley French Ditch Company.

About the company

The Grass Valley French Ditch Company lies in the heart of fast-growing Missoula County, and has diverted water from the Clark Fork River since 1901. The Company historically irrigated 5,489 acres just downstream of the City of Missoula. The main canal is 13.5 miles long, and can divert up to 105.75 cubic feet per second (68 million of gallons per day) from the river.

The Company's vision for a water bank has been in the works for almost a decade. Shareholders first decided to explore water marketing options in March 2008 to meet the growing demand for residential and industrial water use in Montana's second-largest city. The board of directors voted to change the bylaws to recognize certain company "shares" for water mitigation. In December 2014, the Company received authorization from the Montana Dept. of Natural Resources and Conservation to market some of its water rights as mitigation water.

Water Bank Prices

The Grass Valley French Ditch Company is working with Highland Economics to set water bank prices. Details regarding prices are disclosed on a case by case basis, and subject to market changes.

Press

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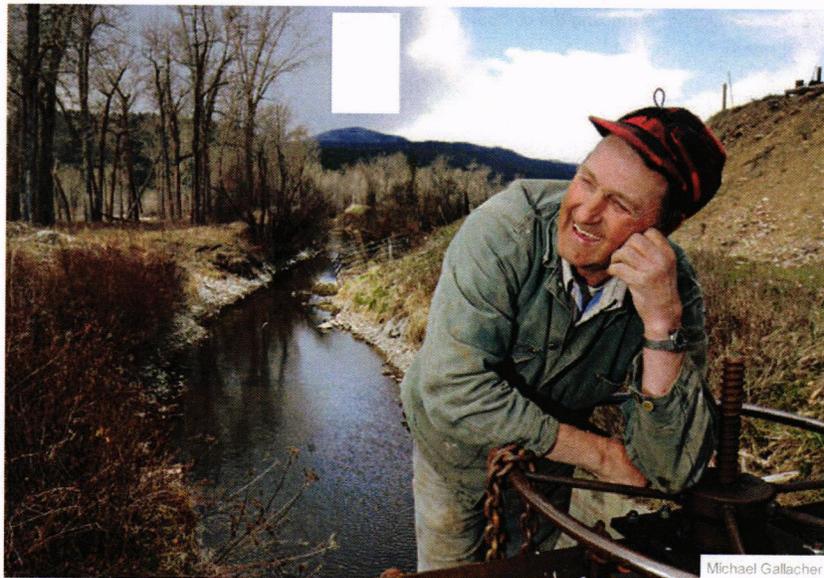


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GRASS VALLEY FRENCH DITCH CO. IN MISSOULA COUNTY

Grass Valley irrigation company creates Montana's first private water bank



Michael Gallacher

[x]

April 04, 2015 5:30 pm • [DAVID ERICKSON](#) david.erickson@missoulian.com

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Irrigated agricultural land is increasingly being converted to subdivisions as the Missoula Valley population grows and spreads from the city center, and as a result fewer irrigators are paying more money to maintain critical infrastructure on the remaining farm and ranch land.

To ensure the water keeps flowing, the Grass Valley French Ditch Co., one of the oldest and largest irrigation companies in Missoula County, has created Montana's first private water bank.

The company, which irrigates 4,100 acres of land west of Missoula, recently received authorization from the Montana Department of Natural Resources and

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Work began Monday to mend a damaged segment of the Orchard Homes Levee west of

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Conservation to market shares of its substantial water rights to potential buyers, including developers of subdivisions, businesses wanting to offset industrial water use or agricultural projects that need additional irrigation or stock water.

A water bank is designed to facilitate efficient trade among water users. Because water is over-appropriated across much of the state – meaning more is allocated than is physically available in streams or rivers – many areas, including the Missoula Valley, are closed to new appropriations. Any new water use that requires more than a small, permit-exempt well is required to mitigate its impact on groundwater or nearby surface waters.

Before, that could be complicated and expensive, but the new water bank allows developers to purchase or lease mitigation water through a simplified process.

"Water banks like Grass Valley's will facilitate new residential development in a way that protects existing water users and streamflows," said Karen Knudsen, director of the Clark Fork Coalition, which is partnering with the company to meet the DNRC-required monitoring component of delivering mitigation water. "This is exactly the direction we need go in Montana as the state moves away from allowing subdivisions to develop with individual, unregulated wells. We are pleased to partner with the Grass Valley French Ditch Co. on this groundbreaking project."

"We realize we live in a landscape where agriculture and residential development will be competing for the same water resources," said company president Tim Fister. "This water bank is the best solution for protecting the company's water rights while also meeting Montana's different water needs."

The ditch was built in 1905 by a group of 21 French men. They each bought stock in the Grass Valley French Ditch and formed a corporation.

The main canal is 13.5 miles long and can divert up to 68 million gallons per day from the Clark Fork River. The water historically has irrigated just under 6,000 acres downstream from the city of Missoula.

"What this water bank situation is about is that as the years have gone by and the subdivisions have taken place next to the ditch, there are getting to be less and less people paying for the maintenance on the ditch, but the maintenance costs get to be higher and higher every year," company vice president Carl Saunders explained as he stood near the massive diversion dam on the Clark Fork River last Wednesday.

Each share – which equals one acre of irrigated land – costs \$12 for operation and maintenance per year. Since only 4,100 acres are currently being irrigated out of the nearly 6,000 that were in the past, company managers saw a problematic trend.

"The rest of them have refused to pay, so consequently, we had all the shares of water, or 'miner's inches' of water (one irrigated acre), that weren't being paid and in order to perpetuate this ditch forever, we thought, 'How are we going to do this?'" Saunders said. "Because the more subdivisions that are going in, the more costs go up. So who is going to do it? We are going to reach a point where there are only five guys irrigating and they can't afford to keep the ditch going."

If a developer puts in a subdivision and wants to drill a well, it has to mitigate the amount of water that is being evaporated or used by the vegetation. An engineer determines that amount.

"An example of that is the subdivision out by the Wye," Saunders said. "They had to mitigate water. They bought water from Glenn Ditch for their mitigated water. We said, 'What if we just change our use to mitigation and irrigation?'"

After a seven-year process of administrative and legislative hurdles – including dozens of meetings, presentations and applications, and legislation that allowed the DNRC to draft new rules – the company was finally allowed to add marketing as a use for its water, along with irrigation.

The change allows the company to sell or lease water to mitigate water withdrawals associated with future development in the valley.



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On Nov. 24, 1980, the Northwest Union Trust Co. deeded a parcel of land to Missoula County as a conservation easement, hoping to preserve the ... [Read more](#)

Today, the company has 282 members, up from 21 in 1960.

"That's how fast the valley's growing," Saunders said. "Most are five-acre plots and smaller. We still have 25 users that are 100 shares or more. But the bulk of users are small."

The ditch takes more money to maintain as subdivisions come through because mud can't just be piled on the bank – homes with nice lawns now sit there. Saunders said he hopes to eventually line the ditch with concrete, but it will cost a lot.

The company made sure to differentiate between class A shares, which are used for irrigation and include voting rights, and class B shares, which can be used for mitigation but do not come with voting rights.

"Members that don't irrigate pay the same operations and maintenance costs that the irrigators pay, but they aren't allowed to vote to close the ditch if they outnumber the irrigators," Saunders said. "That was our goal was we wanted to perpetuate the use of this ditch forever. Another thing that made us worry was the Missoula Ditch that runs through town, all the fights they had with all the housing development and stuff out there. I mean, we thought we're going to be there and we're diverting a lot more water than they are. I don't want any part of that fight."

The shares are tied to the property.

"If I sell my ranch to you, I sell those shares," Saunders explained. "I don't sell any water rights, I sell the shares."

The company believes the creation of the new water bank will allow it to maintain the canal that carries river water where it's needed, will ensure the water rights are put toward a beneficial use as historically irrigated land converts to urban or suburban use, and will secure an additional source of revenue for important repairs and maintenance.

"This water bank puts us in the driver's seat as the Missoula Valley grows and changes," Saunders said. "We've been managing water rights in the valley for a long time, and want to continue that tradition."

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Tags Grass Valley French Ditch Company, Missoula Valley, Carl Saunders, Missoula County, Private Water Bank, Karen Knudsen, Clark Fork River, Tim Fister, Clark Fork Coalition, Water Bank Situation, Glenn Ditch



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