

**Western Governors' Association
Plenary II – Managing Water in the West
Monday, June 30, 2008**

Transcript of Discussion

Governor Napolitano:

Again, thanks to the Western States Water Council for its follow up and for the report. We're now going to hear from a few of the governors of the West. Governors Otter, Heineman, Ritter, and me and why don't we begin with Governor Otter.

Governor Otter: *this part of the tape goes in and out*****

Thank you, Governor. First off let me associate myself with what Brad and Duane have said, relative to the _____ Brad and I _____ opportunity six years in congress to serve with both Tom and Mark. I would tell you up front as they would probably tell you that I agreed with your speech more than I ever agreed any of theirs, almost on any subject. So _____ I finally found a member of the family _____ agreement with some tremendous challenges that we have and those challenges have been for far too long ignored. _____)

Challenges that didn't have the forward thinking that we've heard in the last few minutes. Those were challenges that didn't have the enthusiasm for the importance of water and its limited supply. You know we just kept looking in the ditch and every time there was water in the ditch we gave somebody else water rights.

In Idaho that started in the late 1800s and continued right up through the 1960s. And it wasn't until 1973, as you mentioned Brad in your report, that we finally decided that beneficial use -- either 'use it or lose it.' -- probably wasn't good public policy either because the 'use it or lose it' got us to a point where we were actually wasting a very precious resource. We've heard a lot about the celestial advice that we got not only from Tom Brokaw yesterday but Brad, your remarks about our place in the global positioning in the heavens and I would tell you that almost every mission that we've ever fired off this planet and we put a rocket under somebody and we send them half way to God and we say by the way if you happen a celestial planet up there that we haven't seen before and if you can land on it, what's the first thing we ask them to look for, water. The reason for that or perhaps the presence and the notes that water was there and the reason for that is because we assign an awful lot of importance in life as we know it to water. So we are faced with a lot of challenges and today I want to go over a few ideas on infrastructure and water storage issues.

Water supplies in the Western states for the 21st century face increasing demands. We mentioned the Endangered Species Act. Last year, right at the end of a drought, we had to supply 487,000 acre feet on down the Snake River into the Columbia drainage for the Endangered Species Act in the recovery of the salmon. We have expanded urban requirements. When I became Lt. Governor in 1986 in Idaho we had right at 900,000 people in Idaho. Today there's a million-four and it continues to grow. The growth that

we are looking for, the growth that we have coming at us we have to be prepared for and we've got to know what we have or whether or not we can sustain that growth.

The technical, legal and administrative recognition that ground water pumping impacts streams. For the first time, it wasn't that many years ago, we finally stumbled on to a whole new idea about water management and it was called conjunctive management. What's in the river isn't isolated from what's in the aquifer and for a long time we didn't know the relationship between those two. In fact, in some cases, hence my 20th million dollar appropriation bill at water resources council to find out, we do have in the water resource. Now I'll tell you in 2002 George Nuttercut from the state of Washington and I put together a \$3.6 million appropriation to study the Rathdrum aquifer. I think that's the first time that at least in my knowledge, two Western states ever got together to say how much waters in the tub and which side of the border is it on and, even more important, does it matter.

So, with all of the other demands on our water, our limited supply, we also have climate change coming at us and that will be a subject that we'll be discussing for a long time. Potential responses to the growing demand, obviously the lowest hanging fruit, and the water shortage is always going to be conservation. If you don't use it, it's there for another purpose, another beneficial use. But if you do use it, then we need to conserve it as best we can. We've made that move in Idaho in the department of agriculture with less water-consuming crops.

We know now that potatoes will take 32 inches of water, corn will take almost 25 inches of water, alfalfa, sugar beets, all the rest of them up in the 3 foot neighborhood of water consumption. So we've gone to not only drought resistant grasses on our ranges where we would normally water them, but we have also gone to lower water consuming crops. Enhanced management, hence the new management programs and the new water conservation efforts that we've got in Idaho.

An expanded infrastructure and that is one that I would tell you that I had initiated when I came in not only the enhanced infrastructure that we've got, or the present infrastructure that we've got using it better but also looking around for more ways to preserve those water resources. It felt to all of us, as we became governor, to be in the position of dividing up scarcity and we didn't even take a look for a long time on how can we provide more. How can we keep more and provide it for future needs. And so the ground water recharge projects we've got the great Snake River eastern plain aquifer, larger than Lake Erie but its been going down because not only the pumping but also because we haven't seen the use and seen the need in looking at what we've been doing with that with some of our other practices.

We're looking at off-stream storage projects. That is where in the high flows in the beginning of the year we run them into a depression in the ground some place else off stream so that we can access that water back into that same stream bed maybe lower on down the valley when we do need it later in the year. And on-stream storage projects, you know I look back 10 years ago or maybe even 15 years ago, a discussion of any kind

of projects that were on stream were totally off the table. They were just not being considered.

No new dams but the growing demand necessitated renewed discussion and a serious consideration of every opportunity that we can take advantage of. Idaho is now taking proactive steps to further the consideration of storage. With our aquifer studies, what exactly do we have there, how much growth can we sustain and what kind of beneficial use can we put it to. We now have a six year plan to study selective aquifers throughout the state and we've got a lot of them in the state, in fact some that we've recently found. But the \$20 million funding package I think probably won't do the entire job that we need done but it's a good start and it's a good public policy, I believe, to get underway with.

Above ground storage we're now studying. The first report that I got from my office that if we were to put six to eight feet on top of every damn that we've got in Idaho right now, would just increase the size by six or eight feet we would double our water capacity. We would be able to retain some of those spring run offs that now flood, the flood plains in Idaho. Through that we are studying about four, five different areas in Idaho where we can put additional infrastructure in place on a present damn which lowers the environmental impact. Environmental impact for the most part is already there.

The Corps of Engineers launched a study of the proposed Twin Springs dam which is probably one of the oldest dams in the state. Other possibilities include, as I mentioned to you, Duane, in the beginning we have a little town in Idaho called Weiser, Idaho. Every year, even through seven years of the drought, beginning in 2000, every year Weiser floods and it's because of ice on the river. And with ice on the river and it jams against the bridge or other structure across the river, we end up with a flood during a drought year and it seems kind of ridiculous for that to happen but that dam alone will back up 900,000 acre feet of water.

The Swan Falls Guffey Project, 250,000 acre feet, Lost Valley reservoir 20,000 acre feet. So we're looking at every possibility. Now are all these gonna be reality, probably not. There's probably gonna be some efforts that we're not going to be able to go forward with. But to be successful, additional storage will require broad base support. Not only are the consumptive users which includes the municipal, agricultural industry, thermal energy, nuclear energy, any kind of energy. Brad, I agree with you, without water, there's no energy, without energy there's no water.

Non consumptive uses of hydropower in agricultural. We're gonna have to include our legislative process in that obviously -- environmental, recreation and wildlife. As I close let me also say we need a good partnership with the federal government. We need them to understand our water needs in our states, for our respective uses are important to us. In the management of that plan has got to have an over load of state interest and state influence in that, I believe. And I believe now is the time to begin and probably not just in the state of Idaho but in every Western state for all the purposes that we've already talked about. Thank you, Janet.

Governor Napolitano:

Governor Dave Heineman I think you wanted to address a little bit about managing conflicts when it comes to water, so please tell us how.

Governor Heineman:

Governor thank you very much. Managing conflicts is very difficult when it comes to water but that's one of the reason I value the WGA. The partnerships and friendship we develop here allow me to make a very important announcement this morning and that is Governor Freudenthal has agreed to give all of Wyoming's water to the state of Nebraska. Governor I want to thank you for that. Now let me begin my remarks with some key and essential facts regarding our state.

Despite the temporary moisture we've received we are challenged by historic drought. Which has had a profound impact since 88% of our water use is for irrigation purposes. During the 3 ½ years that I've been Governor our water challenges have grown in terms of complexity and importance. Nebraska is more than 400 miles wide, full of barren landscapes, we have 24,000 miles of streams and rivers and nearly 22 million acres of approximately 46 million acres used for agriculture are considered range or pasture land. Much of what happens in the Central and Western parts of our state revolves around agriculture and at the heart of that industry is the richness of our existing resources. Our Ag producers and land owners understand the need to conserve and to protect these resources for future generations of Nebraskans. From the Panhandle to the Republican River basin and along the Platte and Niobrara Rivers, our state has enormous water challenges.

Nebraska has also discovered that federal mandates such as the Endangered Species Act can have significant ramifications for water use. Resolving these challenges is one of the keys to the future economic vitality of our state. And that's why I've said repeatedly that water is the issue of the decade in my state. That we will have to deal with it in every single issue and we've found that the best way to resolve these challenges is through cooperation and collaboration.

Now that's especially important in my state because the State Department of Natural Resources regulates surface water while the local natural resource district boards regulate ground water. Our regulatory system ensures that all interested stakeholders have a voice in the process. For us, cooperation and collaboration are necessary for the successful resolution of water issues whether those issues are between state and local units of government or multi-state compacts or agreements such as the Republican River basin compact between Kansas, Colorado and Nebraska or the Platte River Cooperative Agreement between Colorado, Wyoming, and Nebraska.

A good example of how cooperation and collaboration works for us is the Platte River Cooperative Agreement. My state is divided on this issue. If you live in Western Nebraska, you're for it? If you live in Central Nebraska, you're opposed, so I decided to

bridge these differences. I would share three forums throughout our state; they lasted more than seven hours. I required that the people in Central Nebraska come to Western Nebraska and explain why they were opposed to it. And I forced the people of Western Nebraska to go to Central Nebraska to explain to their fellow friends and neighbors why they favored it.

The end result was a greater understanding of the complexities and difficulties of this issue. This collaborative process was conducted in an open, friendly, informal and cooperative manner and reduced tensions on this controversial issue. Ultimately we signed the agreement and under this agreement there will be more flows in the Platte but some irrigation land could be taken out of production. The cost will be in the millions of dollars but I believed it was necessary to shield Nebraska's farmers and ranchers from conflicts with the US Fish and Wildlife Service over the Endangered Species Act. Local units of government have now begun discussions with our State Department of Natural Resources to implement the Platte River Cooperative Agreement. And in order to enhance our ability to finance our future water challenges, I worked with the legislature to create a water resources cash fund that will fund the state's water related priorities. This fund will be used to comply with interstate compacts and agreements and reduce consumptive water use in areas declared to be fully or over-appropriated.

It's going to create about \$125 - \$130 million fund over the next twelve years. The fund will draw on contributions from several sources including an annual contribution from the State's general fund. Any federal funds the state receives for water conservation projects will go in to this fund and a corn and grain sorghum check off. The fund will be administered by our State Department of Natural Resources with local NRD's contributing a 40% match if they receive any of the funding. Working with our local Natural Resource Districts, the state continues to look at alternatives to reduce agricultural water use including temporary and permanent transfers while preserving the vitality of our agriculture economy.

These collaborative and cooperative partnerships between various levels of government are key to our ability to develop and implement a comprehensive and strategic approach to our water management issues and in spite of the challenges, so far they're working. Thank you.

Governor Napolitano:

Next we're gonna hear from Governor Ritter. He's going to discuss a little bit about drought and drought planning.

Governor Ritter:

Thank you, Governor. Thank you to our presenters, especially to Brad Udall. The Udalls are all over Colorado, ubiquitous we would say. I'm from a family of twelve siblings and I feel like it's a small family compared to the Udall's once you figure out how many of them there really are around.

We are an interesting state. We're a headwater state. We only have one river that flows into Colorado and that flows immediately back out, that's the Green. Other than that, it is headwater and for that reason we have to worry about Colorado's water challenges, but as well are involved in compacts with all of the other states that surround us with exception of perhaps Oklahoma. But certainly on the Arkansas and the Platte and the Republican and the Colorado and the Rio Grande, they're all rivers that flow out of their original basins and so, we have that to contend with in addition to just our state's challenges.

And I want to talk a little bit about our challenges. Population growth has been significant in Colorado. I just signed a bill that said if you're going to develop a development of more than 50 homes, you have to have a sustainable water plan to go with that. We have not had that. We grew by a million people, a million people alone in the 1990s without any requirement that development be tied to the ability to identify sustainable water supply.

We have growing public support for water-based recreation and for the environment. In Colorado, tourism is our second largest industry if you take all the clusters and a lot of those are very dependent upon water and so it matters both from an economic perspective, certainly from esthetic perspective as well.

We have great uncertainty associated with climate change and, Brad I appreciate your remarks in that regard, and I'm going to talk a little bit about our climate change plan as a part of all of our planning. We have increased pressure from federal interests and certainly from downstream interest. This issue about the tie to energy cannot be overstated. We have the largest oil shale reserve in the United States -- both Utah and Wyoming likewise have reserves, Colorado's larger. There are demonstration technologies that are being developed presently but what they don't know is the impact on ground water. In fact the largest of the companies, Shell Oil pulled their request for commercial leasing because they don't know the impact on ground water and I think at this juncture they still probably don't know the amount of water necessary to do what's required to supply oil from oil shale at scale.

And finally, there's just this special needs of rural communities including what we call sustainable agricultural. So you have the population of the state increasing, you have historic differences between Western Slope and the Front Range that are continuing to intensify. You have this climate change issue. On November of 2007 I unveiled a climate action plan and it laid out a strategy to address global warming in the state. The plan includes a water adaptation component to focus on the consequences to Colorado's water resources and forests that would result from climate change and we're working with experts like Brad Udall and others to really address this issue because we are so water dependant in terms of our economy in Colorado that if there is significant change and it results from a climate change, that will very much impact how we thrive or how we even survive as a state.

In October of 2008 we'll be convening a statewide conference on managing drought and climate risk, I'm convening that actually. In addition Colorado is participating in the national integrated drought information system (NIDIS) and look forward to working with Wyoming, Utah, and New Mexico to implement an NIDIS pilot in the upper Colorado River basin. We're enhancing water conservation and water use efficiency opportunities that are essential in dealing with these challenges including a state funded grant program aimed at providing financial assistance for water conservation planning and implementation programs and projects and I think in part, Brad was referring to conservation, the Denver Water Board is the largest water authority in Colorado and it went through drought planning and reduce water consumption in a very urban and some suburban area by 20% and then it remained flat after the drought ended or after we started coming out of that they were able to keep water conservation just as a tool to keep water demand low.

Greater efforts in water conservation will be critical in our strategy to meet future water resource needs resulting from increased population growth and potential Colorado Climate Change impacts. Water planning is also vital and must involve all stakeholders in a process based at the local level. And as we talked about states being involved in planning and collaboration we know that local government has to be part of that as well. We're currently participating in/and or sponsoring several stakeholder processes that are seeking local and statewide solutions to protect Colorado River corridors while protecting Colorado's ability to develop its compact entitlements without unilateral federal actions mandating how Colorado Rivers will be protected. We look forward to working with our federal friends as these processes continue.

After 2002, the drought, Colorado initiated the Statewide Water Supply Initiative, we call it SWSI. SWSI provided a comprehensive analysis of statewide water needs up to 2030. SWSI also examined the water available to meet those needs with current and future infrastructure in conservation development. I think this may be the most important point here. SWSI demonstrated there will be a 20% gap currently in meeting the needs -- including environmental and recreational -- even if each and every one of the current projects and processes that are on the drawing board are developed. A 20% gap. The state's exploring ways to overcome these future challenges before we reach a crisis. SWSI consists of two reports and these reports examine one, basin by basin projected shortage and two, possible ways to meet those shortages such as conservation, agricultural transfers and new water augmentation projects.

Now, we also have signed a bill that really looks to enhance shared water usage between municipalities and agricultural uses like other states. Colorado water is a property right, it can be separated from the property but you can also lease the water right and share that with municipalities, that's the kind of thing that you can do that, keeps you from wasting the water because we also look to full and maximum use. This process brought state and local interests together to agree on water supply issues facing each basin and to identify means of addressing future challenges. It's predicated on the understanding that no one basin can solve its water supply problems at the expense of another.

Following the SWSI assessment the state established the inter-basin compact process establishing the inter-basin compact committee and 9 basin round tables. This is the first time the state that we divided the state into basin committees, have those committees discuss their water needs, their water shortages, their water supplies, and then the basin's speak to each other about ways that they in fact are implicating each other's water shortages or water supplies.

The focus of the process is to further assess water needs in each basin and to support and fund collaborative solutions to meeting these needs. It's also working on a vision for Colorado's Water Supply future to see how we can address water issues of statewide concern in a more comprehensive way. The basin and roundtable process is based on the model that was used in the 1922 Colorado River Compact discussions where negotiators were steeped in the facts, every party had something to gain and something to lose and where ongoing communications are vital to developing solutions.

That compact, the upper Colorado compact, and additional law of the river has benefited Colorado and each of the Colorado River basin states. We think we must continue to preserve the integrity of Interstate Water Compacts but work together to find water solutions within the existing compacts such as the 7 basin states were able to do by supporting the December 2007 record of decision for coordinated reservoir operations and shortage criteria for the Colorado River, that I know matters to you, Governor. To Governor Richardson certainly and, to all of the upper and lower basin states, Governor Huntsman as well.

As a result we are protecting endangered species in Nebraska, I'm sorry another example where this negotiation model succeeded was referred to by Governor Heineman from Nebraska. It's this agreement with Nebraska, Wyoming and the Federal Government on the Platte River implementation program where we negotiated for about a decade ultimately ended up with an agreement that water users, environmentalist, the federal government and each of the states could support. As a result we're protecting endangered species in Nebraska and water development in all three states has been allowed to continue. This is what I would stress, communication and compromise was vital to this success. It does seem that we get to a place in these negotiations then, if negotiations break down, we all tend to lose. I think and certainly headwater states may be impacted the most and so, it's in our best interest to communicate and to compromise, to collaborate, but I would say that's true as well of lower basin states.

Federal Interstate Cooperation will continue to be important as we address future water challenges in the West. One recent challenge is the recent discovery of zebra mussels in the Pueblo Reservoir. Another challenge is the use of federal reservoirs as rivers become fully appropriated such the Aspinal unit in Colorado. We're pleased that the federal government, the state and other stakeholders were able to reach a settlement in the long standing litigation involving the Black Canyon of the Gunnison. But when we need additional considerations, we proceed through the EIS process.

Finally, we hope that the USGS will continue to maintain and enhance stream gauging efforts because the information around stream gauging is vital to water planning and decision making in the West. We've seen compacts that have been based upon faulty stream gauging before and, again, typically that's to the detriment of the upper basin states.

In closing, I think there are many water challenges facing Colorado and all of our sister states in the West. I believe we can build on the recent track record of collaboration and cooperation with each other, with the federal government and other interested stake holders to meet those challenges head on. I can't overstate what I think was Brad's point that we don't know how climate change impacts all that we're doing on water but, I think it lends to the additional focus we must provide to water challenges in the West as we go forward. Again, thank you for the opportunity, Governor.

Governor Napolitano:

It's just not the zebra mussel, the quagga mussel too and, it's a big problem, a growing problem with us. I'm gonna be the final speaker and then we're gonna throw open the table for questions but, to follow up, when we think about water in terms of the other conversations we've been having over the last 24 hours so obviously water impacts, wildlife, wildlife corridors, the planning for wildlife that we talked about yesterday. The connection with energy and energy planning is manifested as we go forward. So it is one of those great themes of the West that we need to deal with as a region even as we deal with it within our own states.

Arizona is one of the two fastest growing states in the country; we keep exchanging that title with Nevada. But to give you a sense of that growth, Phoenix, Arizona is now the 5th largest city in the country. The population of Arizona is 6 ½ million and sometime in the early 2030s the Census Bureau predicts we will be north of 10million people in that state, in our state. So, between the effects of that kind of population growth with climate change with the fact that we are in a desert environment to begin with, the issues of limited water resources become so very, very key. In that regard it has been very important for us to plan more effectively and to more closely integrate water and land use planning because what I discovered when I became Governor, is you have the land use agencies over here, the water agencies over there, the municipalities here doing the planning and zoning but no kind of integration amongst them and one of the first steps I took was to create a sub-cabinet within Arizona. It's called the Growth Cabinet. It's comprised of the secretaries of the agencies that deal directly on a daily basis with growth related issues so that you began getting some cross pollination of ideas.

In addition to that, we have in Arizona what are called Active Management Areas. These are areas where developers have been required since the late 80s when Bruce Babbitt was Governor, to show that any proposed sub-division has an adequate 100 year water supply. Areas outside the AMAs, those tend to be the more sparsely populated rural areas, have the authority to do that but if you are within and AMA and you propose a sub-division, you must show that you have a 100 year supply. In addition, the larger cities and

counties in our state are required to adopt comprehensive plans and the comprehensive plans which are the land use plans must include water resources.

To help us provide more data-based decision making within the state of Arizona and to provide technical assistance to smaller communities that often don't have the resources to hire their own hydrologist, geologist, and all the like, we created the Arizona Water Institute. What it basically is, is an umbrella group comprised of faculty members for the three universities in Arizona. More than 400 water related faculty are now part of that institute and they are charged with and recharged with, no pun intended, addressing our water resource challenges throughout the state and as Governor Ritter mentioned, we have worked very closely on multi-state collaborations. The most important of course was the 7 Basin State Agreement on the Colorado River that Secretary Kempthorne signed in December. The record of decision for that Agreement adopts four key elements. It establishes rules for lower basin shortages; it provides new operational rules for Lake Powell and Lake Meade that allows reservoirs to rise and fall in tandem which lessens the risk of drought induced shortages. It establishes rules for creating intentionally created surplus and it also deals with evaluation and implementation of Colorado River augmentation projects.

So, we have some multi-state models is the point of that. The point of mentioning the example of the growth cabinet within Arizona is we have some in-state models, and some of you, Governor Heineman, Governor Otter, have mentioned some of the things you're doing within your states and we have some examples from the experts or some suggestions from the experts about how we more closely incorporate what we are doing with what we need to do and to break away from reliance on historic modeling that may no longer be accurate given climate change to reconfigure our federal partnerships to the extend we have them or to create them where they do not exist and to deal more effectively and aggressively with water as a Western region.

At the end of this session we're going to move the adoption of the water report but, between now and then, what I'd like to do is open up the table for questions or comments. Governor Huntsman, you mentioned one to me that you wanted to ask our folks so I'll start with you.

Governor Heineman:

Thank you, Janet. I can't think of too many issues that are as important as this one. I mean, to put it into perspective, we all represent states and regions with burgeoning populations, with limited water and we all control armies. I mean if that isn't an incendiary potentially, I don't know what is. But the discussion so far, Brad and Duane, has really been a discussion on existing resources, the here and now, and having just delivered several graduation speeches in different colleges and universities, as I think we all do this time of year, I try to start to thinking about the world in 50 years. You know, in 2058 when this class retires then and they can look back and see their contributions to the world and so, Janet mentioned population. You know Phoenix is now the 5th largest city in America just having taken over Philadelphia. We've got Los Angeles that is

number two and we're all experiencing this thing called population growth which is probably the most significant trend affecting our region right now.

So, if you just extrapolate that for the next 50 years, I've looked at our own model, you know we double and we triple in size and what is that portend for water? Now talking about the Colorado Compact is great, and I commend everybody who was a party of that but it was done right about the time the Treaty of Versailles was signed, 1922. So when you say the world is going to go from 6.8 billion to 11 or 12 billion over the next 50 years, I know where our state is gonna be, Janet knows where her state is gonna be and I say what about new sources of water and having just sat down with a politician from Australia who basically said we're looking at the desalinization technology, he said we're at the 28% level for lakes and reservoirs, we have a serious, serious problem. So bad is this problem he said that we've started sending out timers that people can put in their showers. It's a four minute timer and he said the men love it, the woman don't. I hope we never get to that point. But it's an example of just how alarming this issue is in a place like Australia. He said in Perth, they've got two desal units and in Brisbane they're getting their second. In Cairns they've got two, in Sydney I think they've just added a second, I think one of them is wind powered and I saw how long are we going to be talking about existing sources of water without having a serious conversation about new sources of water over the next many years.

I'd like you both to maybe enlighten us just very briefly about new sources of water, technologies that ultimately be employed and I read with interest what California is doing along their coast with respect to desalinization technology. Tell us a little bit about technology, what we're likely to be in for over the next little while. Let's forget about the Colorado Compact for a while, look to the future, also if you would tell us a little bit as well about the governance models that we're gonna live with. The facts that we're gonna face over the next 50 years in terms of making it work from a governance standpoint and, heaven forbid, any conflicts. You know we haven't committed our troops to the Nevada border but I can't promise you that we won't in the future and say look at feeding their enormous supplies in Las Vegas the big fountains in front of the casinos and what not and start to take water from our farmers and ranchers and I'll be darned if I'm gonna let that happen as governor. So discussions are happening in our region that are fairly unprecedented quite frankly and you know, we can laugh about them today but you kind of extrapolate this reality over the next 25 years and say what is this really mean from a regional stability standpoint so -- technology, governance and conflict -- if you even dare wade into that area.

Governor Otter:

What do I have a minute or 15 seconds to deal with each one? New sources you know clearly desal is an up and comer and to the extent you can do it with non-carbon generated power, you've got something there. The technology in recent years, the energy use that goes into desal per unit of water out has way, way down. In California though, there are tremendous siting issues with regard with these plants on the coast. It sounds like a great idea and places like Las Vegas would love to promote desal plants in California and they would take an equal amount by exchange out of Lake Meade. Re-use

as I mentioned, is a really promising source but the fundamental fact here is that there is a water cycle and there's a limited amount of water out there and, the good news here is that we are on the curve of being able to tap into efficiency both in energy and in water where we have enormously wasteful practices. The average use of water in the West is 130 gallons per person, per day. It's a strikingly high number and half of that goes into outdoor watering and about half indoor. You know, we need about a gallon per day to really live. There's another 1,300 gallons per day per person that goes into Ag and municipal and industrial purposes so, when you ask me about new water, I again would re-encourage you to be focused on what we have and try and get the investments in place that will allow us to use that far more efficiently. Desal and re-use are clearly two options, otherwise, there isn't a whole lot out there on the table.

With regard to governments, I would encourage you all read this weeks High Country News. Matt Jenkins has a story in there on the Klamath Solution that is truly remarkable. This is a battle that has gone on for years between Native Americans and Farmers on a US Bureau Reclamation Project and they have a proposal that will require the support of an independent company to get this solved or potentially solved but, its unbelievable that the farmers and these Indians have come together with a solution on the river that is used to support the third largest salmon fish run on the West Coast. You're gonna see when you put people into the crucible it's our water we have to decide what to do and how to deal with it, we actually came up with a great solution. I think and we're gonna have more of these kind of knockdown, drawn out battles that require all of us Americans to figure where our values are and how do we allocate this limited resource in the best possible way.

I think my two minutes are up.

Duane Smith

This morning I heard Governor Richardson -- overheard in a conversation, I apologize for listening to your conversation -- you said 'When are you going to come to New Mexico?' "When are you going to do something?" No, I overheard the conversation, the point is, Governor Huntsman, I believe is 'When are we gonna do something about future water supply and not just look at the traditional way of doing business.'

I believe we have a window of opportunity. Population growth you know. We have to sustain that growth. We have to sustain that growth. So how do we do that when we look at the document for WGA. We have a number of strategies in place to try to address that. Some of them are a traditional conservation. We do believe that conservation and additional technologies to reuse and recharge can provide a significant piece of water for the future. We also believe that weather modification is a technology that we need to do more study and research on to see if that can prove viable. We know that one inch of rain on an agricultural crop can mean millions and millions of dollars to that economy. So, desal we think is certainly water of the future but we need to have that discussion on what happens from that point.

You ask about governance. I believe your point there is key to our centerpiece recommendations. We have to change the way that we do business as a government. We have to change the way that the federal government does business and interacts with the states. We have to get away from the federal government coming in and doing a project, specific program and funding dollars to do that and then don't fund all of those dollars and then their priorities change to a way of focusing on state priorities and implementing those. I believe that's fundamental to your concern about governance.

Those priorities have to be established and they have to be followed-through, and we have to be accountable to follow through with those. Conflict, from Oklahoma I would like a couple of factoids. We have more miles of shore line than any state. We have water in our conservation pool in our 27 major federal reservoirs for 22 million people. We have 3.5 million people in Oklahoma. So, I don't know most of you have probably heard of former Senator Bob Kerr who was a Godfather of water resources development in Oklahoma and that story is told of a Oklahoman that went to Wisconsin to look at a reservoir, drove around the reservoir to find the dam and finally went into the convenient store and said, "Where's the dam on the reservoir?" And the convenient store owner said, "Well you're in Wisconsin. Our reservoirs are natural reservoirs, they're made by God." And the Oklahoman says, "Well, I'm from Oklahoma, and our reservoirs were built by Senator Kerr by God." And I say that only to say that that leadership and his vision of putting that together. He had a unique set of skill sets to be able to bring people together, resolve the conflict and you know those people are going to have to step up, I believe. I believe people like you are going to be the one's that are going to provide that vision and help us resolve that conflict.

Governor Napolitano:

Thank you Duane. We're going to go to Governor Richardson and then Governor Freudenthal and Premier Campbell. Governor Richardson.

Governor Richardson:

Well, I think that as Western Governors and Premiers we have been very bold when it comes to energy and climate change but, I think despite the very good recommendations from Duane and Brad, we're just talking to each other on water. I just think we're not being bold and what I believe is needed is a national water policy. A national dialogue, because it seems we're just talking to each other and we're all doing the right things. But if you look nationally, look at the droughts in Atlanta, look at the floods in the Midwest, look at the declining reservoir in Lake Meade. I mean this is a national problem now. And, I believe what we need is national solutions. But the dialogue that is being recommended by Duane and Brad is good but it's among each other.

There is a recommendation that we should, as Western Governors, urge the federal government to develop a national water policy. Well, you know, they're not gonna do that. The federal government's not gonna do that. They can barely, you know walk and chew gum at the same time. So, what I am urging is this, and I want to just state for the record because I got in trouble when I said this before, that in developing a national water policy I'm not talking about taking water away from Michigan and Wisconsin and send it

to the West, I'm not talking about that at all. In fact, I think that national water policy should preserve state water rights at its origin of basing and private property rights but this problem of climate change I think links the whole country together. Secondly, issues relating to water conservation, I think that has to be our biggest priority. Re-use technology, a clean water, I mean, look at what the congress did to the Clean Water Restoration Act. They barely funded it. Water quality issues, mitigation, issues that deal with more interstate coop. My request would be that our two brilliant leaders, Freudenthal and our new chairman Huntsman, that we seek a dialogue with Mid-west governors, with Northeast governors and see if there is a way that we can develop a national water policy. Sure, invite some of the feds, but look at the bureaucracies that deal with water are the Bureau of Reclamation, Army Corps of Engineers. A lot of good people, good agencies but they are way below in terms of their clout at the federal level.

So, I think that we can be bold, and also in our breakfast Premier Campbell talked about agreements that his province and Washington state have realized. I think that we need to look at the international side, those of us, Janet and I with Mexico, with Canada. But if we just sort of talk to each other and talk about how in the West we're doing all these good things to just deal with our own problems, I don't think we're gonna get anywhere. So, Jon I think you kind of started out saying that we have to look to the future and we have to look at other countries for new technologies, desalinization but I think as a country more than anything, a national water policy, a national dialogue lead by the Western Governors but not just talking to ourselves because, I think we can share a lot of these experiences and technologies and policy.

So, anyway, and I am not, I am repeating, I know there are a couple of reports, I am not saying to Michigan and to Wisconsin that we're gonna take, I'm not saying that at all. But you know, Duane, all the recommendations are good and you said we gotta do something but I think the policy should come from governors. If we're gonna wait for the national government and the Interior department and the Corps and everybody to develop, we're not going to get anywhere. Anyway, sorry to disrupt your meeting.

Governor Napolitano:

You didn't disrupt it at all and I've got a call into Governor Granholm in Michigan right now, to tell her exactly what was said. Governor Freudenthal.

Governor Freudenthal:

First of all I forgot to welcome you here this morning Bill but I would note for all of us at the table that while we indicate a clear desire not to harm any of the water rights in the Mid-west, he didn't extend that same courtesy to all of us.

I want to talk about two things that, I mean a dialogue and all that stuff is great and committees with the feds and all that but when we go to implement there are a couple of things that always trip us up. One is that you never get really to a lot of the environmental questions on water storage projects and our state has been at this, Governor Otter, we started in the 80s, our legislature set money aside for projects and it took us 13 years to get the feds to approve a very small water storage project. And so

what bothered me about the Western States Water Council report is you sort of glossed over the underlying problem with the federal government on definition on purpose and need when it comes to doing an analysis so that you can actually get a project moved forward. You may have all of the federal or you may have all of the state requirements met, I mean we've got sites, locations, and every time we move to that point, all of a sudden, the feds do the old 'never mind, we defer to state water law but not this time'.

And the second issue that I think is more conceptual but is very real is you want to talk about water conservation but as you pointed out, the whole premise of our water is utilization, beneficial use. So, when you end up, we have to have a strategy that says to somebody, if you conserve that somehow we have recognized that conservation may modify the scope and dimension of the underlying property right that is so valuable so, that the problem you have now is when, shift to less water intensive crops, what they do is, add more acreage. So, it helps with the income and its arguably more efficient but, if you're talking about a system balance, we're in a position where we have the incentives, may not be the incentives in the system as a legal matter, may not be consistent with the policy discussion that you're having.

Governor Napolitano:

Any response to that?

Governor Otter:

You know there is a similar situation with regard to our municipal water utilities and let me explain it. They frequently ask people to conserve, they have a business model that's terrible with high fixed costs and they sell this very cheap commodity and so their revenues go down. They then go back to their customers and say, 'hey you've been really good. You've conserved, but we're gonna raise your rates again.' Needless to say, that doesn't make anyone happy and it's a similar problem, a similar structural problem, they're trying to get the right mechanisms in place to get conservation for us instead of against us.

Governor Richardson:

We agree on the problem, did you have an answer?

Governor Otter:

You know with regard to the municipal utilities I don't have a great answer other than to say that this is the price of growth in the West and everyone ends up picking the tab up on it like it or not and there is some reluctance to do that in large places so I don't know. We would have solved this a long time ago if we didn't have these two problems with regard to conservation.

Duane Smith:

Governor we recently had a summit meeting with the states of Kansas, Oklahoma and Texas and invited the assistant secretary for the Corps of Engineers, John Paul Woodly to come to the meeting. One of the issues we had was the point that you bring up, that the federal guidelines that we have to go through in order to get a project, it may be a

construction project, any type of project that's Corps of Engineers does has to go through such a rigorous review and that review is not well defined. It's based upon, well you know, there may be discussions with different people and the most recent reservoir we built in Oklahoma took 39 years to build and the response from John Paul Woodly was, the reason that we don't look at supply is because it's not in our core mission statement.

So, one of our recommendations in our report is to put water supply in the core mission statement of the Corps of Engineers. But these are the types of federal issues, not bad meaning people, not wrong headed people at all. Its laws and priorities that are said to confound the process. This, I think is another example of one of our centerpiece recommendations about the federal government. I think you struck on a piece there that we think is very important. The other piece on that, "use it or lose it", on our statutes, we have some states, Oklahoma not being one of those, that I believe Kansas and New Mexico are, that do provide for conservation incentives for agricultural if they will implement better systems and conserve water that their use it or lose it time can be extended. And so at the Western States Water Council we're trying to share in some of those discussion and learn and hopefully we can implement some of those changes that you recommend there because, rightfully so, some of our statutes encourage people to use the water rather than to conserve it so that they don't lose that right.

Governor Napolitano:

Thank you, Premier Campbell and then we'll rap up this session.

Premier Campbell:

Thank you for giving me the opportunity to speak. First I think that like the states in the West, the provinces of the West are defined by their water and their water is defining the West. Governor Ritter pointed out that his state is very dependant on water. There's not one of us in this room that can mention the most important industry we have in our state, the great jobs and water isn't the reason it's there. Doesn't matter if its energy in Alberta, if it's forestry in British Columbia, it's mining in another area, if you're looking at doing nuclear power projects, that's water. Water, water, water is everything and it is something I think for too long we've taken for granted.

So very similar to what you're doing here at the Western Governors, we've established a Western Water Stewardship council in Canada. It includes all of the Western providences, four of us and three Northern territories. I think one of the critical things for us though is to create the link between the Canadian provinces and the US states. We have rivers that go from Canada to the United States, United States back to Canada whether it's the Kootenai River, the Oki Naquin I understand that the governor of Montana has heard of a little river called the Flathead River. The Red River in Manitoba, I mean this is a huge issue and frankly, I think one of the challenges we face is we want to deal with new problems with the old answers and the old answers aren't gonna get us there.

They aren't even gonna come close. In 20 years, water is going to more valuable I think than oil because it does define who we are, where we are. It doesn't matter if it's the

wildlife corridors, doesn't matter if its industry or whatever. So I think one of our goals has got to be to try and eliminate the winners and the losers and to do that we're gonna have to be much smarter.

I think we should share information but there are things we know today, we don't need to get the perfect information before we act. We have to conserve. All of us have to conserve. We have to think about how we reduce the demand that we're putting on water. We work directly with the state of Washington on water issues, on climate issues generally and I think we have to find ways we are breaching those barriers and borders as much as we can up and down the West Coast corridor. The Western corridor is going to create the economy for the future of the continent if we get these fundamentals right and is, I think, the critical fundamental. So I know that as we established our stewardship council, we're working together on monitoring, we're working together on education and outreach.

Education is telling the public about how much at risk our water supplies are. Demand management is critically important. Ecosystem health is important. Water supply assessment, watershed planning, governance -- all of those things are things that we're doing as Western Premiers. I would like to suggest to you, governor, that we think about how we can connect those things because they are interconnected and they are interrelated. And we have to do that in a way that gets in front of it because I agree with Governor Richardson to the extent that if we wait for them to figure it out nationally as opposed to going in and saying here's the agenda that we think should be pursued, I think we'll wait for a long time and things will get worse as opposed to get on with doing some things and make them better. So I appreciate the opportunity to speak, our stewardship council is glad to work with the Western Governors' Association and what you're doing and I think we should all benefit from that.

Governor Napolitano:

The last order of business for this particular session is to move to adopt the Western States Water Council Report. Water needs for strategies for a sustainable future. So I would entertain a motion.

...

And so it has been moved and adopted. That's kind of the Freudenthal way of running a vote. Sounded very instructional yesterday. Thank you very much. And thank you, Brad and thank you Duane, very helpful information and thought provoking ideas that you provided for us. That ends this session. Dave you have some logistics for us.