



Mayor Greg Stanton

“Arizona’s Current Water Challenges and the Resilience of the City of Phoenix”

Continuing Legal Education – Arizona Water Law Conference

August 11, 2016

As Prepared for Delivery

Thank you for the opportunity to speak to you today. The Arizona Water Law Conference provides a unique forum for legal experts and water policymakers to meet and discuss issues vital to our residents and our future success as a state.

With new challenges from intensified drought and a changing climate, Arizona is at a critical juncture, and it will largely be cities that determine whether Arizona continues serve and grow as a regional commercial hub.

Cities have to be a source of leadership and innovation when it comes to water. We can’t afford to get bogged down in ideological or partisan differences because cities are where the rubber hits the road – or, more accurately, we are where the water hits the faucet. The future of our residents – and our economy – depends on how well we anticipate, plan for and respond to our water-related challenges.

Fortunately, Phoenix leads the way—in so many ways—in sound water policy and stewardship.

For more than a century, the City of Phoenix has beaten the odds and consistently provided its residents with a clean and reliable water supply.

As a desert city, we must meet high expectations; water must be delivered: at the exact moment it is needed; at the exact location where the customer wants it; at a quality that meets or exceeds all drinking water standards; in the specific quantity the customer wants; and with perfect reliability from now *until forever*.

Phoenix accomplishes all this despite our desert surroundings, finite resources, booming population, and the largest economy in the southwest.

And this isn't unique to Phoenix: *as frontline service providers, cities are the ultimate problem-solvers in managing water resources*

Furthermore, Phoenix must constantly innovate as Arizona faces tough decisions with our continuing record-level drought, climate change, and a structural deficit on the Colorado River. Our future depends on it; our economy relies on it.

When Phoenix engages bond investors to finance vital infrastructure, the first question they ask is whether Phoenix has enough water—the answer to which is (and must always be) a resounding “YES!”

Arizona has a long tradition of carefully protecting our most valuable resource. 100 years ago, local visionaries came together to help secure a water supply for the Valley of the Sun.

With the help of the federal government, they constructed Roosevelt Dam. Operated by the Salt River Project, we have long had reliable water supplies from the Salt and Verde Rivers—optimizing their resources while preserving them for future generations.

In the 1980s, construction of the Central Arizona Project finally enabled the state to fully exercise its rights to Colorado River water.

In combination with groundwater, these three sources of water have provided the foundation for economic development in Phoenix.

Merely identifying water sources is not enough; we must also use them sustainably and responsibly so they are there for us well into the future.

In the 1970s, Arizona realized it could not sustain the way it was pumping our groundwater aquifers—our ancient and invaluable sources of water. Through the 1980 Groundwater Management Code and the creation of Active Management Areas, Arizona halted the precipitous decline in its precious fossil groundwater supplies.

And through the Assured Water Supply program, Phoenix and other metropolitan areas can continue to welcome residents and businesses with the certainty there will be a consistent, reliable source of water for the next 100 years and beyond.

Arizona also has a proven track record of protecting its Colorado River supplies. In the 1990s, Arizona watched a significant portion of its 2.8 million acre foot allocation of Colorado River flow through Lake Mead off into Southern California.

To make sure we didn't miss out on this water, Arizona pursued the revolutionary idea of water banking and created the Arizona Water Banking Authority. In just over 20 years, Arizona has been able to store in excess of 4 million acre feet of water—available to Arizona Colorado River users, including Phoenix, in future times of shortage.

As we helped shape forward-thinking state policies through the years, Phoenix emerged as a national leader for responsible water management.

We have dramatically curtailed water demand. The rates of water use by residential and business customers have decreased by 30% over the last 20 years. Overall, we use approximately the same amount of water today as we used 20 years ago despite growing our population by 400,000 people (a population the size of Tampa).

Phoenix's conservation successes have been an impressive, community-wide, top-to-bottom effort to conserve—from water policy leaders to dedicated residents.

Meanwhile, Phoenix has carefully protected its fossil groundwater supplies as a hedge against future drought and climate change. The vast majority of the water Phoenix delivers to its customers comes from renewable surface water supplies, so our precious groundwater reserves remain intact for future generations. Back when others considered reclaimed water to be just a waste product, Phoenix was investigating how to put it to work and make use of every drop at our disposal.

Reclaimed water now powers the Palo Verde Nuclear Plant, supports local agriculture, provides part of the water budget for the Salt-River Pima-Maricopa Indian Community Water Rights Settlement, and helps to recharge local aquifers. Phoenix is a national leader in recycling water, using nearly 100% of its available reclaimed water, enabling us to avoid tapping into our groundwater as much as possible.

As we conserve the water available to us, we are also investing in the resiliency of Phoenix's major water sources—even those hundreds of miles away.

Phoenix committed more than \$5 million to the Colorado River Resiliency Fund to insure itself against future Colorado River shortages. We have also partnered with the National Forest Foundation and a number of other stakeholders, including SRP and private companies, to support forest restoration and resiliency in the Salt and Verde watersheds in our beautiful Northern Arizona chaparral.

These watersheds provide more 50% of Phoenix's water supply and are vulnerable to wildfires—natural disasters that seriously jeopardize Phoenix's water supply. A number of other Valley cities have followed Phoenix's lead, realizing the importance of this investment and protecting our shared water sources.

Yet, despite these victories, Phoenix cannot rest on its laurels; we must remain vigilant and seek out new solutions, especially as climate change and drought present us with a new set of challenges.

Phoenix and Tucson—traditional rivals—are now collaborating through an innovative water exchange to better serve Arizona’s two largest population centers.

Through the agreement, Phoenix stores some of its currently-unused Colorado River supplies in Tucson aquifers. This stored water supports groundwater levels in the Tucson area, decreasing Tucson’s costs in operating its wells. In return, if there is a future shortage on the Colorado River, Tucson will send an equivalent portion of its Colorado River water to Phoenix surface water treatment plants.

In all, the exchange allows our two cities to leverage infrastructure costs and use our respective competitive advantages—this is the cutting-edge of water management policy.

Phoenix is looking into market-based solutions—state-of-the-art water policy—as we continue to retool our winning water strategy. We reject the idea that water is a zero-sum game – where Phoenix can succeed only if our neighbors fail—and water markets may allow us to work together to our mutual advantage.

Earlier this year, I convened the Western Mayor’s Water Summit in Washington D.C. in partnership with ASU’s Decision Center for a Desert City. I was joined at the Summit by Mayor John Giles of Mesa as well as the mayors of Los Angeles, San Francisco, Colorado Springs and Aurora, Colorado.

We exchanged conservation ideas and discussed solutions unique to cities in the West. Because cities are on the front line of water resource challenges, it is only fitting that mayors come together to share past and forge future solutions. I was very encouraged by our conversations and look forward to reconvening next year, especially in light of our shared challenges from Colorado River shortage.

A major part of these collaborative efforts are to build larger scale water markets like our current exchange with Tucson.

The CAP and SRP systems were built under the Bureau of Reclamation, a traditional command and control paradigm. These systems have served us very well, but now our task is to leverage our collective infrastructure.

In the face of climate change and a volatile future, we must ensure that water moves across this state as flexibly and efficiently as possible. Cities should continue to leverage the creativity and power of these collaborative efforts, and do so in a way that dovetails with existing water law and the needs of rural and agricultural communities.

As we work together and innovate, we must also oppose self-serving special interests that look to use the legislature to upend good, established water policy.

The Groundwater Management Code set urban areas of Arizona on the right path for sustainable growth.

The Assured Water Supply program in particular has provided Valley residents, local businesses, and potential investors with certainty and stability for the past 35 years: under the program, cities and developers must demonstrate a 100-year water supply before developing new land.

The State has helped enforce that guarantee, ensuring proposals are based on real water supplies—a guarantee central to the program and vital to the wellbeing of our residents and economy.

When the legislature passed bills this spring (SB 1268 and 1400) to allow certain cities and towns to opt out of the state's Groundwater Management Act, I wrote a letter to Governor Ducey explaining why this was unacceptable and irresponsible.

The bills were an attempt to prioritize the short-term interests of a few developers over the long-term wellbeing of our residents and future economy. They would have undercut a lifetime of successful bipartisan water management efforts. Fortunately, reason won out and the governor vetoed both bills.

As the climate changes and drought intensifies, we can expect future challenges from special interests and similar short-sighted legislation. They will try to jeopardize our state's water supplies and upend decades of careful planning and responsible water management by Phoenix and other cities.

A strong Groundwater Management Act will be essential to the protection of rural communities. The effects on communities without protection are clear: special interests have drained their aquifers and threatened their way of life.

For the sake of Arizona's future, we can't let these rent-seeking few chip away at current successful water protections. Even the slightest changes threaten our future and leave the door open for future intrusions.

Instead, we should be working together to protect and enhance the Groundwater Management Act. We should look for ways to create a closer nexus between water recharge and extraction and pursue other ways to further responsible water use.

Perhaps the most significant challenge we face as a state is managing our limited Colorado River supplies. Phoenix is well aware of this challenge and has stepped up and zeroed-in on solutions to address this shortfall.

Through its extensive conservation efforts and wise acquisition of water supplies, the City of Phoenix has built a significant buffer and surplus in its Colorado River supplies. Today, we use only about two-thirds of the Colorado River water to which we are entitled.

Now that we've created a buffer, we must also improve the resilience of these supplies. We will continue efforts to recharge more water—creating a solid bank from which we can draw during shortage, while also preventing aquifer stress by boosting aquifer levels.

Water used to recharge aquifers serves an important function. It's not "surplus water," but water necessary for making sure these aquifers remain healthy and intact for future generations.

Recent discussions among the Lower Basin states—those who rely on and share the Colorado River—have been very encouraging, especially on the issue of mitigating shorted supplies. Phoenix is very much engaged in related intrastate conversations and looks to influence and contribute our experience to future discussions.

Fortunately, Arizona again has been preparing for shortage for some time, resulting in clear agreements in the Arizona Water Settlements Act and 2007 Shortage Guidelines that define the priorities among Colorado River water users. Those agreements must be respected; many Colorado River water users, including Phoenix, have managed their resources and planned for shortage based on those agreements, and they provide a clear, certain path for moving forward.

For more than 20 years, Colorado River water users have been storing water through the Arizona Water Banking Authority; it's time to collaborate on a recovery plan that will successfully deliver on the promises of our good planning.

Recovery efforts should practice strategic aquifer protection, so they don't disproportionately impact fragile aquifers. Again, collaboration is key, and I am confident we can work together to develop a water recovery plan that works to all parties' advantage.

Does Phoenix have a bright water future? Absolutely. Are there real threats to these vital water resources? More than ever. Our past actions, current efforts, and continued leadership in the region have put us in prime position, but we must continue our hard work, search for innovative solutions, and vigorous opposition to those who jeopardize our state's future.

Part of that bright future must include nurturing future water leaders and advocates, from both legal, public, and private sectors. Phoenix is committed to the development of water professionals, including collaborations with ASU and UofA, and will continue to look for opportunities to foster talent.

We have a long history of effective water law and policy here in Arizona, but it requires maintenance. Through innovation and collaboration among the various water stakeholders, we have exciting possibilities and opportunities for our future.

Based on Phoenix's history of sound water stewardship and commitment to collaboration, I am confident we will continue to lead the way and advance Arizona's vibrant economy. Thank you.