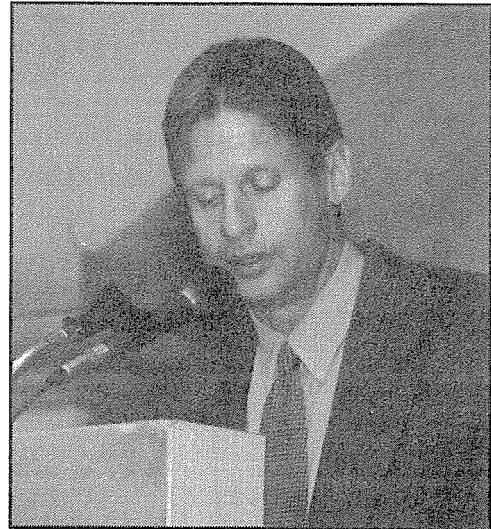


Gary Johnson was born in Minot, North Dakota and moved to Albuquerque in 1966, later earning a bachelor's degree in political science at the University of New Mexico. In 1976 he and his wife Dee founded Big J Enterprises which is now a successful full-service commercial and industrial construction company. As the twenty-sixth governor of New Mexico, he has pledged that "people before politics" will define the state's government under his administration. An accomplished triathlete, skier and mountain climber, Gary is an avid competitor and has continued his rigorous daily workout schedule while governor.



40TH ANNUAL NEW MEXICO WATER CONFERENCE KEYNOTE ADDRESS

Governor Gary Johnson
(edited by Elizabeth Otten)
State of New Mexico
State Capitol, Room 400
Santa Fe, NM 87503

What I would really like to do is make this as informal as possible, so during the comments that I am making, if anybody has any questions or comments please chime in, otherwise I will go ahead and talk.

I do not know how many of you saw it, but one month ago we did a bicycle ride across New Mexico—we called it Trek for Trash—550 miles and what we were doing was promoting the pickup of trash in the state of New Mexico. It was a whole lot of fun and I cannot say enough about it. We started out in Farmington on the Animas River, went over the Navajo Lake Dam, spent the first night at Heron Lake. We spent every night at a state park. We went to Fenton Lake and spent the night at Villa Nueva on the Pecos River. We went to Santa Rosa Lake and

spent the night at Sumner Lake. It was a beautiful trip. We picked up 7,000 bags of trash over a five-day period. I think that New Mexico is the most beautiful state in the entire country, but I will tell you that I think New Mexico is the trashiest state in the entire country. Seven thousand bags was just a drop in the bucket. Over a four-year period I hope to affect the trash in the state of New Mexico. I really consider it to be something that all of us can affect if we will just get out and pick a little bit of it up.

A little bit of background about myself. Since the age of seventeen, I have paid for everything that I have ever gotten in my life. I paid for my motorcycles that I have owned. I bought my first automobile and I paid for the insurance and the gas in my cars. When I lived away from home going to school, I paid for my

room and board, I paid for school and I paid for my clothes. I paid for everything. I am really grateful for that experience. It has taught me a lot. It's taught me the value of a dollar and how it is to earn that dollar and how we should wisely spend the dollars that we do earn. I will tell you that probably the lowest point in my entire life was my second year in college. I had a Volkswagen that I had run off the road skiing and so the front end was bashed in, and I did not have the money to fix it. The battery was dead and I did not have the money for a battery. I always parked the car on an incline and jump started it. I met my wife at that time and I think that a lot of her friends thought that she was crazy for going out with this guy that they had to jump start the car every time they went to start it.

I remember spring break working in this factory off of Central making spray guns. I remember making \$1.65 an hour and working sixty hours during that week. All my friends were skiing and they were out having fun and I am working in this factory making spray guns. I got a check at the end of the week for about \$65 and \$50 of that went for a battery for my Volkswagen so I did not have to jump start it any more. I will tell you, talk about knowing the value of a dollar and what it takes to earn that dollar and how we should wisely spend those dollars. In retrospect, maybe that was the best week of my life when it came to setting values within myself.

I did start a construction company. I worked construction from the age of seventeen. I could lay out a house when I was eighteen years old. At that time I think I was making \$1.25 an hour as a framer. I could finish concrete, lay bricks, operate heavy equipment, lay tile, sheetrock, paint. This is what I grew up doing. I coupled that with the fact that I was honest, I showed up on time, and I was always accountable for everything that I did, and that worked out as the basis of a very successful company. Just on the basis of being accountable, of being honest, of keeping my word.

Recently, my wife and I purchased 25 acres of land near Taos with 750 feet of frontage on the Hondo River. I called Tom Turney to start asking questions about water. What are the water rights that I have? Irrigation rights? Again, I have known all this stuff for a long time, but when I purchased this land this really came home as real issues now that I am a

landowner with 750 feet of frontage on the Hondo River. Purchasing water rights—you mean if I do not have the irrigation rights I can purchase them, and how much do they cost and where am I buying them from and how that relates from one region to another, from one basin to another, and relating that to the entire state. Interesting.

I would like to recognize Dr. Ralph Stucky, whom I just met. This is the first director of the Water Resources Research Institute. He founded this in 1956. I understand that the Water Resources Research Institute building is named after Dr. Stucky.

Current political issues in New Mexico. New Mexico is the highest taxed state in the United States as a percentage of income. New Mexico is 48th in per capita income. New Mexico is fourth in per capita state employees. I do not see any room to raise taxes in New Mexico. If we were 40th in per capita taxes as a percentage of income maybe there would be room to raise taxes, but we are first, so I really do not see raising taxes in New Mexico.

We are 48th in per capita income. What can the government do to help out the fact that we are 48th in per capita income. I think that the government can provide a regulatory climate that is one of a partnership with business. That state government works in partnership to develop New Mexico, to see wages increase. I also see New Mexico providing the best education that it possibly can deliver to its citizens and to its kids. The more educated our kids are, perhaps the more money they make. This gets back to the fact that New Mexico is 48th in per capita income. Let us see New Mexico as cooperative as it can be with the citizens and with the businesses in the state so that somehow we all move forward. I think that state government perhaps has been a bit too adversarial in the past and that it still remains adversarial. That is what I would work to improve on.

New Mexico is fourth in per capita state employees. This will be the first year since the state was founded that there will not be growth in state government employees. We will actually have fewer state employees at the end of the year than what we started with. It is not my intention to drop service. My intention is to actually perhaps increase service. We have a growing state with growing population so if we actually deliver the same services, increase services, coupled with the fact that we have an increasing pop-

ulation from a common sense standpoint it would seem to me that we are delivering a more efficient state government. That would be my direction.

Over a four-year period maybe rather than being fourth in per capita state employees, that over a four-year period maybe we end up in twelfth or thirteenth. But by doing that, again, common sense would tell me that perhaps we are delivering a more efficient state government.

I do not know how many of you have followed the building of prisons and the Duran Consent Decree. There was a big decision handed down last week by Judge Conway in Albuquerque which opened the door for changing the Duran Consent Decree. In other words, he said that the State of New Mexico can change the Duran Consent Decree, the terms of the Duran Consent Decree. This has huge ramifications. We have had to comply with the Duran Consent Decree since 1980. Our costs per prisoner in New Mexico are the second highest costs in the United States per prisoner—\$27,500 per prisoner. The national average is \$19,000. So if New Mexico were just at the national average when it comes to incarceration, we would be saving \$35 million a year in today's dollars. Most significant to get out from under this decree is getting rid of the Santa Fe main facility. We have known that for fifteen years. So we have to build a new prison to get from under the Duran Consent Decree and by doing that over a period of time we can get more in line with the national average. This decision that was handed down was a decision that we had asked with regard to building the new prison at 80 square feet per cell rather than 120 square feet per cell for two prisoners which was mandated by the Duran Consent Decree. The federal government builds all their cells at 80 square feet. All other states build their prisons at 80 square feet, but somehow we had signed an agreement that we would build 120 square feet. We just wanted ruling on that 80 feet versus 120 feet. What we did was we got a ruling on the entire decree so the entire decree is now open to change. So based on that, we may be able to double cell existing facilities and actually save a lot of money with regard to this whole prison plan that we have right now. Again, bottom line is getting out from under the Duran Consent Decree.

Under the Duran Consent Decree, there are hundreds of complaints per month with regard to amount of feathers in the pillow, clarity of color television, quality of food, quality of education, books in the library, inadequate medical attention. From an administrative standpoint, all we do in New Mexico is address all these complaints with the special master that has been assigned to the case. I want to say that we have spent \$6 million on attorney fees alone on the Duran Consent Decree. So administratively, all we do is try and comply with the decree. Once we comply with the decree, and again, it is our intention to stay in compliance with the decree, then you do not have to address it any more. You do not have to address it on a daily, hourly basis. That is the main reason that prisoner costs are so high. It gets very administrative to comply with all that and the proper medical, psychological and physical compliance that we have agreed to, in a nutshell, is what has driven our costs up the way they have.

We get involved with the pueblos and the reservations with regard to their water claims, and perhaps work all these water claims outside of the court system. As you all know, it gets very costly. I think we have set a groundwork here that we can work with the Indian tribes and pueblos in New Mexico to resolve these issues outside of the courtroom.

Talking about the government sector versus the private sector, there is absolutely a place and a need for government, but like I said, government should be a partner not an adversary. I have had this notion, and I know that it is right, that if you want to sell pickup trucks, let the government issue a tax credit for buying a pickup truck, and guess what happens to the sales of pickup trucks, they increase. If you want to see pickup sales decrease put a tariff on pickup sales and you will see them decrease. That is the role that government has. Government can stimulate and government can also take away or detract.

Looking at water technologies, encouraging new technologies, encouraging new ways of just assessing water. Looking at saline water conversion. Some of the issues that are faced in the water area, again, government can provide stimulus to see those things happen as a stimulus to the private sector, working in conjunction with the private sector to make these things happen. There is absolutely a role for government, but it is one as a partner and it can be one that

motivates the private sector to do things that ultimately will benefit all of us.

Talking about Santa Teresa a little bit and what is happening with Santa Teresa. There is going to be explosive growth around the border as a result of NAFTA. Right now, we believe that we are on the verge of getting a partnership privately to see an intermodal facility built at Santa Teresa. I think that by default New Mexico is going to reap benefit with regard to Santa Teresa. El Paso is in noncompliance with their air standards, so again, by default New Mexico is going to get a huge amount of that traffic that just will not be able to go through El Paso.

We are only talking about a thirty mile spur on the Mexican side of the border to connect up rail along with a thirty mile spur on the U.S. side. This is only going to cost somewhere in the vicinity of \$30 million. We believe that we have private enterprise lined up to make that happen. You are talking about more than \$30 million just in land acquisitions. We are really excited about making that happen, and have had numerous meetings about it. We are on the verge of making that happen.

I think that there is not a less priority than water. Water is the number one priority for the state. I am formulating a cabinet council on water. It is the number one priority. We need to have a water assessment in this state. We went out and formulated a governor's business advisory council. I am not big on councils and I am not big on task forces, but we have gone to all three congressional districts and asked the question of hundreds of business people and their number one issue with regard to infrastructure is water. That is perhaps the number one priority that we have in the state.

Philosophically, I do not want to see New Mexico give its water away or sell to any other state. Water is our most precious commodity, and from a philosophical standpoint, I will fight to keep the water that we have in New Mexico and get any water that we possibly can in New Mexico.

I know that there is a question regarding mining of groundwater aquifers near Las Cruces. Should we mine these aquifers? Of course we should mine these aquifers. But, how much mining is allowed so that we can insure our future. These are the questions that I think you ask. Talking with Gary Esslinger a couple of years ago, I realized that surface water is a real is-

sue in southern New Mexico and that we are not processing surface water like we could. These are the questions that I think you are raising and this is what this kind of a conference is all about.

How much water do we have in the state? We do not know how much water we have in the state. We have not quantified how much water we have, and then when it comes to water rights, we do not really know how many claims are being made on the water. I know that you all know this. Water claims continue to come out of the woodwork and you match up the water claims with the water resources, and they do not match. That is what we are so involved in is making that match happen and that is what the water engineer is for. Again, that is what needs to get resolved in New Mexico. What is the best use for the water? These are the questions that you are asking. We are using water agriculturally. Are we implementing the best conservation techniques that we can with regard to irrigation? This is where the government can step in and could and should play a role in offering tax credits and tax incentives to see that we just implement the best technologies available. Make the best use of our resources.

I talked to Gary Esslinger about endangered species. The fact that there are a number of endangered species issues between here and Elephant Butte, and that New Mexico is an arid, desert state. Because of Elephant Butte Dam, we have not had a dry river; we have been able to regulate that flow. At some point in the future, we are probably going to get dry enough that if we do not maintain a certain flow in the river to maintain endangered species, we are going to be in really big trouble. The whole endangered species issue, which is very complicated, kind of boils down to maintaining flows. Are they too high or are they too low with regard to endangered species? You get back to the fact that we are a desert state and you combine all those issues, and we could, and are, having some real problems with endangered species and how we balance all of that. I am not telling you anything that you do not know, but from a common sense standpoint, it seems to me that maybe we go a little bit too far off the scale with regard to common sense at the cost of what may be all of our livelihood in this state.

I also started up an initiative, called the Hobbs Initiative, to go through existing state agencies and

tell me what state agencies are running properly and which ones are not and where we need to become more efficient in state government, and what is working and what is not working and to take a real independent view of that. Of all of the state agencies in the state of New Mexico, the one area that needs the most attention, and this is very preliminary, is the water engineer's office. It is really archaic. I am not going to blame what has gone on to this point and its remains are so I can take part of the blame here. We really do have to attach some resources to the water engineer's office. I talk about making government run as efficiently as possible. There are areas of government that are not running very efficiently. There are programs that do not work. Let us take these programs and not do them anymore. But there are other areas that we need to put more resources toward and we need to grow in certain areas. One of those areas is the water engineer, but we have got to get these claims computerized. I think that the water engineer's office is archaic. Apparently, you can go in and look at records and not even have to sign in to look at the records and the records are all done by hand. I guess that I am not telling you anything that you do not know. This should be computerized and it is not computerized and what they are calling computerized right now is that they are putting records on the word processor. It is not acceptable. We are aware of it and we intend to address the resources that we need to address to make this work. To make it work is obviously a benefit to all of us here in the state.