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TRENDS IN WATER MANAGEMENT

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Thank you, I'm very pleased to be here. When I received the program for this conference, I loved the description of my remarks—"sticky issues in western water management, the role of the governors, and more." Working with water issues, it's hard not to make puns—drowning, flooded, oar in the water, all wet, high and dry—but "sticky" is not a word that comes to mind to describe water. And yet it is, and I'm happy to talk about it.

The Western Governors' Association started its water program ten years ago under the leadership of Bruce Babbitt. The governors' decision to get directly involved was not received with unanimous applause. At the first meeting of the Western States Water Council I attended, one of its members felt it important to draw me aside and say, "You know, you really shouldn't be getting involved in this; water is too important an issue to be left to governors." For those of you who might be wondering, it wasn't Steve Reynolds who told me that, but it could have been.

We've come a long way since then, and partly because the issues have been so sticky. Who would have believed ten years ago that we would see the dramatic shift in public values regarding the way water is used: that a state court would award half the water in eastern

Wyoming to the tribes; that rafters could force a change in releases from Glen Canyon; that salmon would force a reassessment of management on the entire Columbia River; that drought would lead to discussion among upper Colorado River states to market water to California; and that rice growers in California would find it to their advantage to work with Marc Reisner on ways to flood rice fields in winter to provide waterfowl habitat and that the Bureau of Reclamation (Bureau) would give Marc a grant to do that.

It took some years to get there, but now WGA and the Water Council work together very well. The experience, expertise, and on-the-ground management of state water directors complements the political clout and broader perspective and outreach of the governors. But we've learned that those two groups aren't enough on their own. Times have changed fundamentally concerning water-use priorities; the role of federal agencies; and the recognition that all river basins are essentially fully allocated whether for irrigation or for ecosystem protection, meeting tribal water rights, or fostering recreation and tourism.

This means the way we have to do business has changed. No more backroom deals on new projects in Congress; now those deals get challenged by the com-

mittee chairmen themselves or later in court. No more all-powerful state engineers; now state officials have to negotiate with environmentalists, tribes and other ethnic interests, economists challenging calculations, and a raft of others. Individuals can no longer regard the water they use as "their" water; now if that use is abused, the Environmental Protection Agency (EPA) or the Army Corps of Engineers (Corps) or others are likely to slap significant fines on that use. And no more unchangeable fifty-year contracts.

But in response to all the turmoil, we are seeing many positive changes. More and more often, local watershed groups are forming to solve their own problems. New Mexicans have known how to manage water through local groups for a long time, starting with the acequias. Other states are catching on. There are major discussions occurring among basin states in the Colorado, the Missouri, and the Columbia basins. The full Rio Grande, including Mexican states, probably isn't far behind. Montana has developed a state-wide comprehensive planning process, and Washington has developed new decision processes through the Chelan agreement. California is trying to merge the Central Valley Project with the State Water Project. More and more states and tribes are negotiating Indian water rights settlements. Federal agencies, recognizing that they don't have the dollars to provide incentives and that they are seeing more and more resistance to command and control approaches, are rethinking their relations with states.

When I look at the kinds of change taking place, I feel like we started listening to Ross Perot before he began talking—in very real ways, people are taking charge and just doing it. But just as it wouldn't be as easy to find the right course for the nation as Perot made it sound, neither is it easy to figure out how to solve some of the challenges facing us with water management. I'd like to talk about several challenges I think are the most important and may have the most impact on how you do your job.

Holistic Approach

The first I'll call holistic approaches. I thought about calling it comprehensive basin approaches, but that really doesn't get at what I'm talking about. Perhaps Gary Weatherford used better terms when he talked about the "hydrocommons" and "problemsheds." The point is that a watershed is a geographic unit. Upper reaches and lower reaches, water quantity and water quality, surface water and groundwater are inescapably joined. So are economic uses and environmental needs. And so are all the people and species

dependent on that water—rural dwellers and urban, industrial and recreational people in the basins, and people dependent on that water resource but who live outside the basin.

Until fairly recently, we tended to ignore that interconnectedness other than for protecting return flows. The Bureau and the Corps raced each other to build projects. EPA set standards and regulations that addressed just water quality. The Department of Fish and Wildlife identified endangered species. The Federal Energy Regulatory Commission issued hydropower licenses to private applicants. Groundwater pumpers have pumped more or less what they wanted, without accounting for effects on aquifer drawdown or groundwater dependent wetlands. Cities have built long straws to move water away from its basin of origin. Multiple uses along rivers were permitted with little accounting for increased salinity in the river. Wetlands were drained; riparian areas destroyed in the interests of channelization or today's goal, river walks; and development took place in the absence of a secure water supply.

We can't do that anymore. No longer can we afford all the conflicting single purpose development of the resource, and the multi-jurisdictional complications are driving us nuts. Somebody described the country as heading towards a point where anybody can stop anything and nobody has the authority to make a deal stick. Nowhere is that more true than with water.

The only thing that appears to get us past that gridlock is to take a holistic perspective. The transaction costs are large in terms of time, money, and mental energy. Identifying all the major affected interests and bringing them into the decision processes, considering the ecosystem needs of not just the stream but the associated riparian areas, and recognizing that decisions made in New Mexico might affect someone as far away as McAllen or Matamoros, are difficult and a pain. But we can't ignore what we now realize to be the reality. Perot talked about denial, the irresponsibility of running up a \$4 trillion debt and not getting the budget balanced and debt repaid. That also is true for water. We have to deal with the consequences of past actions and figure out how to avoid future ones. At WGA we are involved with federal facility cleanup, and it's clear that it would be a whole lot easier if someone had started worrying about the problems a lot earlier.

Acting holistically, or recognizing that we share a hydrocommons, is not all pain and constraints, however. In those sub-basins or states where various interests have come together to solve their problems, the

experience has generally been very positive. I'm interested to learn more about the Pecos experience. People learn from each other, they learn to pool resources to get the job done, and they feel empowered, in charge of their own destiny. In addition, by providing all interests the chance to make their case, decisions are tested so that once arrived at, most people involved are confident they are doing the right thing, or at least the best thing at that time. One of the best things that state and federal agencies can do is to encourage problem solving at the lowest, most local levels possible.

We're finding that this need to take holistic approaches to problems cuts across the board. I mentioned the waste cleanup. The WGA also houses the Grand Canyon Visibility Transport Commission that is trying to restore visibility to the Grand Canyon and 16 other national parks and monuments. There the common element is the air shed which stretches from Oregon and California to New Mexico and beyond. We also coordinate a project called the Great Plains Initiative which is trying to figure out how to develop a prevention strategy for endangered species. There it is bioregions which must be looked at as a whole. John Wesley Powell was right. Geographic common sense in setting political boundaries would have simplified our job today. But that's no excuse for not stepping up to the challenge facing us.

Governmental Roles

A second area I would like to talk about is related and that is the need to sort out appropriate roles for states, for federal agencies, for tribes, and for local governments. WGA tried hard to get initiatives started to reassess federal and state-federal management. In 1989 North Dakota Governor George Sinner worked with former governor John Sununu and convened a meeting in Washington D.C. of all federal water-related agency leaders to discuss better coordination and to present our ideas for a White House directed council to address national water policy. In the months that followed, it became clear that clean air, wetlands, and other issues took priority with the Domestic Policy Council. Senator Hatfield picked up on the recommendations but instead of advocating a national water policy commission under the President so that all federal water agencies are involved, he has given us yet another western water commission, directed by the Secretary of the Interior.

WGA and the Water Council gave up on trying to solve these problems from the federal level and decided to convene a series of three workshops in Park City that would include representatives from all the

various interests and jurisdictions. The idea was to see whether we could arrive at any consensus on common needs and directions that would let us move forward and not just try to hold each other back. There was an amazing amount of consensus, including on the issue of what our appropriate roles should be.

States were seen as playing the pivotal role, linking national goals, state authority, and local implementation. Local watershed councils and water authorities were seen as having the best track record of bringing the critical mix of interests and authorities together to solve problems on the ground. Tribes were seen as having legitimate rights not just to water but to manage their own resources.

Federal roles are changing too. In many ways federal agencies are managers of last resort. Those issues that have been too expensive, involved interstate concerns, or involved public interest concerns, were assigned to federal agencies. Many of the roles continue to be appropriate at the federal level, like setting national goals, providing assistance to states and local entities, dealing with international issues, and managing federal facilities. But states were encouraged to accept delegation for program management so that programs could be integrated at the state level. And perhaps more importantly, states were encouraged to assume responsibility for protecting the public interest so that the federal government would not be designated as the protector of first resort, something which has increasingly been the case.

The suggestion for states to protect the public interest has led to cooperation that I'm really excited about. Our host Tom Bahr, who attended the Park City workshops, suggested that the Powell Consortium, which is comprised of the water research institutes in the Colorado River basin, catalog the public interest provisions that have been incorporated in federal law. That will be a major contribution, not just to water management, but for public lands management, response to the endangered species listings, and anything else where authority is given to federal agencies because there is a lack of trust in state agencies to be able to provide protection.

WGA and the Western States Water Council are following up the Park City workshops with another in February. The workshop's intent is to assess state capacity to assume the "pivotal role." We have already surveyed states as to what roles they think are important to assume, how they should go about assuming those roles, and what obstacles exist.

Paying for Water Needs

And that brings me to my last sticky trend—financing. About eight years ago, the governors took a serious look at financing in order to be sure they could raise funds for the heresy of the day—cost sharing. After looking at general funds, user fees and other sources, they concluded that raising hydro fees had the most promise and they looked at buying the power marketing administrations (PMAs); the Western Area Power Administration and the Bonneville Power Administration. They quit not because they thought it was infeasible but because David Stockman proposed raising power rates to reduce the federal debt. They didn't want to provide Stockman with the vehicle he needed.

The governors' interest in buying the PMAs came from the fact that the governors wanted to keep revenues generated in western basins in those basins, they wanted to level out the obvious subsidies and special benefits which invite someone else's reforms, and they wanted to introduce more flexibility in how water-generated revenues could be used. Those are still important political goals.

But along with these goals is the reality of the federal deficit. In a time of rapidly emerging new needs, we are seeing not just a slowing of growth in new water appropriations but actual declines. I think that

water, like many other things, will have to figure out how to pay its own way.

In the West, that has historically not been the case. There is no question that many who are dependent on low-cost water will have painful transitions, especially those who may also receive other subsidies which will shrink or disappear. But I don't think we will have a choice. We will benefit ourselves, including those who may be hurt, if we take a comprehensive look at current and potential revenues which we can generate and then control ourselves. Making changes on our own can improve the overall operations of the system, allow us to provide relief for those in need, and provide resources for responding to new needs and changing values.

In the three sticky trends I've covered—the need for holistic approaches, sorting out governmental roles, and paying for water needs, I have dealt with process issues, not substance. That reflects my belief that we are seeing a fundamental shift in how we have to do business in water management. There are many major changes taking place in specific issues as well—the growing interest in conjunctive management forcing inclusion of water quality with water quantity and groundwater with surface water; the interest in species and habitat bringing riparian management and instream flows increasingly to the fore, and others.

THE PARK CITY PRINCIPLES

1. **Recognize Diverse Interests** - There should be meaningful legal and administrative recognition of diverse interests in water resources values.
2. **Problemshed Approach** - Problems should be approached in a holistic or systemic way that recognizes cross-cutting issues, cross-border impacts and concerns, and the multiple needs within the broader "problemshed"—the area that encompasses the problem and all the affected interests. The capacity to exercise governmental authority at problemshed, especially basinwide, levels must be provided to enable and facilitate direct interactions and accommodate interests among affected parties.
3. **Flexible, Predictable, Adaptable** - The policy framework should be responsive to economic, social and environmental considerations. Policies must be flexible and yet provide some level of predictability. In addition, they must be able to adapt to changing conditions, needs, and values; accommodate complexity; and allow managers to act in the face of uncertainty.
4. **Decentralize to States** - Authority and accountability should be decentralized within national policy parameters. This includes a general federal policy of recognizing and supporting the key role of states in water management as well as delegation to states and tribes of specific water-related federal programs patterned after the model of water quality enforcement.
5. **Negotiation and Market-Like Approach** - Negotiation and market-like approaches as well as performance standards are preferred over command and control patterns.
6. **Joint Policy Participation** - Broadly based state and basin participation in federal program policy development and administration is encouraged, as is comparable federal participation in state forums and processes.

Trends in Water Management

But it is not the "what" that is likely to cause problems. The West's water system has always been able to adapt to meet new needs. It is the "how" that is changing fundamentally. I would like you to consider the "Park City Principles." These are principles which emerged during the first Park City workshop and are based on what appeared to be the lessons learned from a number of case studies. Although they are unlikely to be used in their entirety, they show clearly the changing values regarding water management.

Indications are that the new administration in Washington will be very sympathetic to the concepts captured by the Principles. But it is up to us, not the federal government, to make these ideas work and work in a way that meshes with the system already in place. That can be the most important trend of all.