

Colorado River Water Users Association Remarks, Las Vegas, Nevada, 12/16/11

Mike Connor: Good morning everybody. I'm Mike Connor. I'm Commissioner of the Bureau of Reclamation. I'm going to stick with the connected by the Colorado River theme here, and I'm not quite sure we'll have time for a Q&A session but if we do, if I can wrap this up fairly quick, we might have a time for a couple of questions. First of all, I want to thank John Zebre for your leadership and commitment to the organization over the last year. I also want to congratulate my friend, George Arthur, on his election as the president of the association. I've known George for a very long time. We have been connected by the Colorado, by our New Mexico roots, and it's great to see that we're going to be crossing paths here on an ongoing basis. So, once again, echoing comments that were made earlier, it's a great thing for the association. We look forward to continuing our long partnership with the Colorado River Water Users Association, and it's a pleasure to be here.

I also want to, before I get into things, I can't help but also talk about Lorri Gray-Lee. First of all, I would like to thank you all very much. I understand there was a reception held for Lorri on Wednesday evening, in which there was a lot of recognition by folks in the basin of her longstanding contributions here. I just think it shows, once again, it's about people, primarily, connecting and carrying out a joint goal in the basin.

You recognize Lorri's value and contributions over time. She certainly has always spoken very highly of her role here as the regional director. In 25-plus years - yes, Lorri started when she was 10 with the Bureau of Reclamation -- and she's enjoyed that association, and the work that she's done with all of you for all that time. So she's going to be missed greatly in this basin. She has just spearheaded so many initiatives and led on so many efforts to help create that, to solve problems on an ongoing basis, to have that longstanding vision of how we address the future challenges, and now she's going to take those many talents up to the Pacific Northwest.

I do want to dispel a rumor about that. This is not part of some kind of resuscitation, or reviving, of that longstanding plan to transfer water from the Columbia River Basin to the Colorado River Basin. If any of you have those plans, just know that's not why we sent Lorri up there, for her familiarity, and to help in that effort. We love the Colorado River Basin, we just don't love it that much. So, thank you, Lorri. If we could give her one more round of applause.

[applause]

Mike: We have great leadership in the basin, notwithstanding, Lorri's move to the Pacific Northwest. Larry Walkoviak is still going to be here leading our efforts in the Upper Basin. Terry Fulp will be stepping in as the acting Regional Director, for the time being. Terry is a well-known commodity, and we just have great folks in Reclamation, even as we continue to lose very talented people. I sat in on a meeting yesterday where it was wonderful for the Navajo Nation to recognize the contributions of people like Rick Ehat and Carol DeAngelis, who have done so much and who have made such a difference on the ground, as we take great ideas and try and make meaningful progress on the ground to get water to people, particularly in the Navajo Nation. So we will miss them. Others who are retiring, we recognize that we have a lot of talent

that is heading out the door for greener pastures, which is well deserved, and we are trying to fill in behind them, and understand, once again, the importance of people to carrying out these efforts successfully.

I'm in the position here of being, it's an awkward position; I'm the cleanup hitter in a role where all the heavy hitters have proceeded me. So I will try and certainly not contradict and I should probably just stop and say, I agree with everything that the secretary and Larry said, and let me start my remarks by just noting that point.

What you've seen here, and I'm very serious in making this point, as we have great, tremendous leadership at the Department of the Interior, from Secretary Salazar's vision through Anne's vision and leadership, Larry's vision and leadership, and we pull that together as a team. We are truly a team at the Department of the Interior. The secretary made that very clear from the get-go, that we were a team, and we are not a loose confederation of agencies. He is not an arbitrator between our various agencies and missions, and we understand that so we work closely together.

There's nowhere more important that we do than the Colorado River Basin. We have a mission that overlaps with each other, and our goal is to make that as seamless as possible, to build upon our collective resources and expertise, and try and make progress for all folks in the Colorado River Basin. That mission also, of course, overlaps with that of Southern basin states. At least 10 tribes, as Lorri mentioned, irrigators, power users, municipalities, recreational interests, those who want to advocate for the environmental values that exist in the Colorado River Basin.

Of course, that partnership, and that mission, overlaps with our shared resource of the Colorado River Basin with the country of Mexico. That's a recognition that we have. We're not in this on our own, we're in this together, and we're going to continue to recognize those connections and move forward in a collaborative approach on the many different programs, efforts that Anne and Larry talked about, and make progress over all.

A couple of things I just want to talk about very quickly. Well actually three things I want to talk about specifically. The Basin Study Program, just to tell you a little bit more about where we're at. I want to talk about where we are in our discussions with Mexico on our continued attempts to make progress in defining how we can further that collaborative relationship. Lastly, I just want to talk a little bit about our budget situation, since we need to have the resources to carry out the many things we do in this basin.

The basin study is, once again, a very important program. It's a forward looking program and I think what we look at, at the Bureau of Reclamation, is we need to take care of today's needs. We need to operate those projects, but we've got to constantly have our eye on the future. We very much think it's a part of our role to partner up with you and be able to foresee the challenges that we have, particularly with respect to the Colorado River Basin. The supply and demand imbalance that we see, even now, but it's going to be exasperated in the future.

Bob Johnson, my predecessor, had the vision to start the Basin Study Program, certainly the biggest, the most far-reaching program is here in the Colorado River Basin. Our cost share partners are the seven basin states. They've been wonderful partners, with respect to the

resources provided, as well as their willingness to open up the Basin Study Program and bring in other stakeholders, interested parties.

We're continuing to build upon that effort so that everybody understands what we're trying to do, everybody has some input, and as we move from assessing supply demand imbalance, to try and work through what are those solutions, it's very important to hear from all of our stakeholders.

So we did an initial report in June, 2011, that, I think, focused on the supply aspect of it. We're going to move a series technical updates through the course of the first half of 2012, getting at the demand scenarios, and then working through what, ultimately, the approaches, the adaptation approaches that are on the table for us to consider as stakeholders in the basin, and then

Potentially have a report that's robust, that's bought into, that lays a path for how we can address some of the supply and demand imbalance that we see over time.

So look for us to wrap that up I think in the July, 2012, timeframe. It's an incredible effort that's going to be a model of sorts. I mean, this is our biggest basin study program. We don't have the resources to apply that in other areas where we have basin studies going on. It's a foundation and it is a model in general for what we want to do with the program overall.

With respect to the negotiations or discussions, and they are more in the line of discussions with Mexico, we've had great success I think over the last two to three years in building an increasingly collaborative relationship with Mexico.

We've had three minutes that have already been signed in the course of the last two years. Minute 316 dealing with the Yuma Desalting Facility and our operation under trial run of that facility and taking care of our relationship with Mexico based on how that trial run could impact some resources in Mexico. That was a great success.

Minute 317 which established a cooperative bi-national framework for dealing with the long-term challenges we see in the basin. Minute 318 that we announced - well, I think we foreshadowed last year at the conference. Then following up the conference last year, Minute 318 was in recognition of the earthquake in Mexico in early 2010 that impacted their ability to take and use water from the Colorado River.

We have a deferred delivery agreement with Mexico that was carefully crafted. It was a stepping point to a broader set of collaborative efforts between our two countries and it took care of a situation that was very important to Mexico as a result of that earthquake.

So after last year's conference, we immediately went to Mexico City. The Secretary and I met with the leadership in Mexico and signed Minute 318. That was a wonderful event and it gave momentum to more discussions about how we could expand on that cooperative framework and explore the potential that we have for continuing the partnership in the Colorado River Basin in a manner that benefits both countries.

We share a heritage, a culture with Mexico, and we also share the river. We have great partners, once again, Bureau of Reclamation with the IBWC, with their counterparts in Mexico, with Canagua. And in addition to those agencies, with you all, the stakeholders in the Colorado River

Basin. We're going to have a robust discussion about how to build upon that partnership over the course of the next year.

Finally, I just want to mention all of these wonderful things that we try and do in partnership with you all takes resources. It's been a trying time in Washington, D.C., over the past years as, one, first of all, everything seems to go to the last minute with respect to when we get whatever resources we're going to get.

Then there's obviously been a robust debate about how much we should be focusing on deficit reduction versus how much we should be focusing on trying to create more economic activity, given the unsteady state of the economy over the last couple of years. So it's been a period of uncertainty.

It's been quite a dramatic change from when I came in 2009. At that point in time we had a pretty significant robust appropriations bill. We had \$950 million of Recovery Act money that we were charged, we the Bureau of Reclamation, with investing.

The challenge then was how do we expend this money in the best manner possible to stimulate short-term economic activity but lay a foundation for sound investment for meeting those future challenges?

In 2010 we started to see more attention to deficit reduction. At that point in time we were building our 2012 budget. We went from a 2011 budget where the Bureau of Reclamation was at a historic high, was the first presidential budget for Reclamation that exceeded \$1 billion, \$1.015 billion in net discretionary budget authority.

In 2012 when we prepared the budget and rolled that out, we had to take a five percent reduction in the President's budget as part of the overall government-wide effort to address the deficit situation. I viewed that as a pretty good situation to be in, quite frankly. Many agencies had taken a double-digit reduction from their previous year's level. We held our reduction to about five percent.

So we felt pretty good about our 2012 budget. But we are two and a half months into fiscal year 2012 and we have yet to have an appropriations package so that we could start making the investments we need to do and continue on with a lot of the construction activity and implementation actions that we need to take, until hopefully today.

It looks like Congress put together a deal that's going to result in passage, I think, today of an omnibus appropriations bill.

We have worked very hard in Reclamation and with great support from Anne, with great support from the secretary, of really trying to walk that balance of advocating for the importance of Reclamation's projects and programs, importance to the overall Western economy, the potential impacts of us not being able to move forward on some of the activity that people expect us to do, the backlog of projects and actions that we need to be taking to continue to deliver water to generate power.

But also to what folks know in the administration, that we understand the importance that we continually improve the way we, Reclamation, do business, that we continue to extract as much efficiencies as possible, that we reduce our costs. I think we've been very successful in that message within the administration and on Capitol Hill.

So I'm very pleased to announce that it looks like the appropriations package that's going to be enacted today. As I mentioned, our 2012 budget from the administration was \$965 million, which I thought was pretty good. It looks like the overall package that's going to be passed today, we're going to end up with \$995 million from Congress in overall net discretionary budget authorities.

So they are giving us a \$30 million bump up in a period where there are no earmarks, quite frankly. So they're looking at some of our programs, asking us to invest more resources in those programs, to make good judgments about where those resources will flow. I think it shows some confidence in our agency in the ability to carry out this mission, which is so important overall to the West's economy.

That's not something that we do in isolation. Our successes are not because of what we do, it's because what we do in partnership with all of you. We have a broad-based agenda that is focused on short-term needs, taking care of our infrastructure, meeting our commitments to tribes, taking care of the environment and then looking down the road 10, 20, or 50 years to ensure that we're doing what we can to meet the future water supply challenges.

So I'm very encouraged that in our connections with you that we understand the importance of working collaborative with you. I think I'm very encouraged that we now look like we have the resources to continue to do that in 2012. I look forward to working on all those activities through the next year and maybe having some significant announcements to come back to Colorado River Water Users in December, 2012.

Thank you very much for your attention, and Happy Holidays, everybody.

[applause]

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