

Arizona Agriculture Water Supply Update

No Water, No Ag

Arizona Agriculture: \$23.3 Billion Economic Driver

5,515 farms with
1,094,936 acres
irrigated (in the last
5 years)



High-value crops tend
to be water-intensive:

Leafy
greens

Specialty
crops

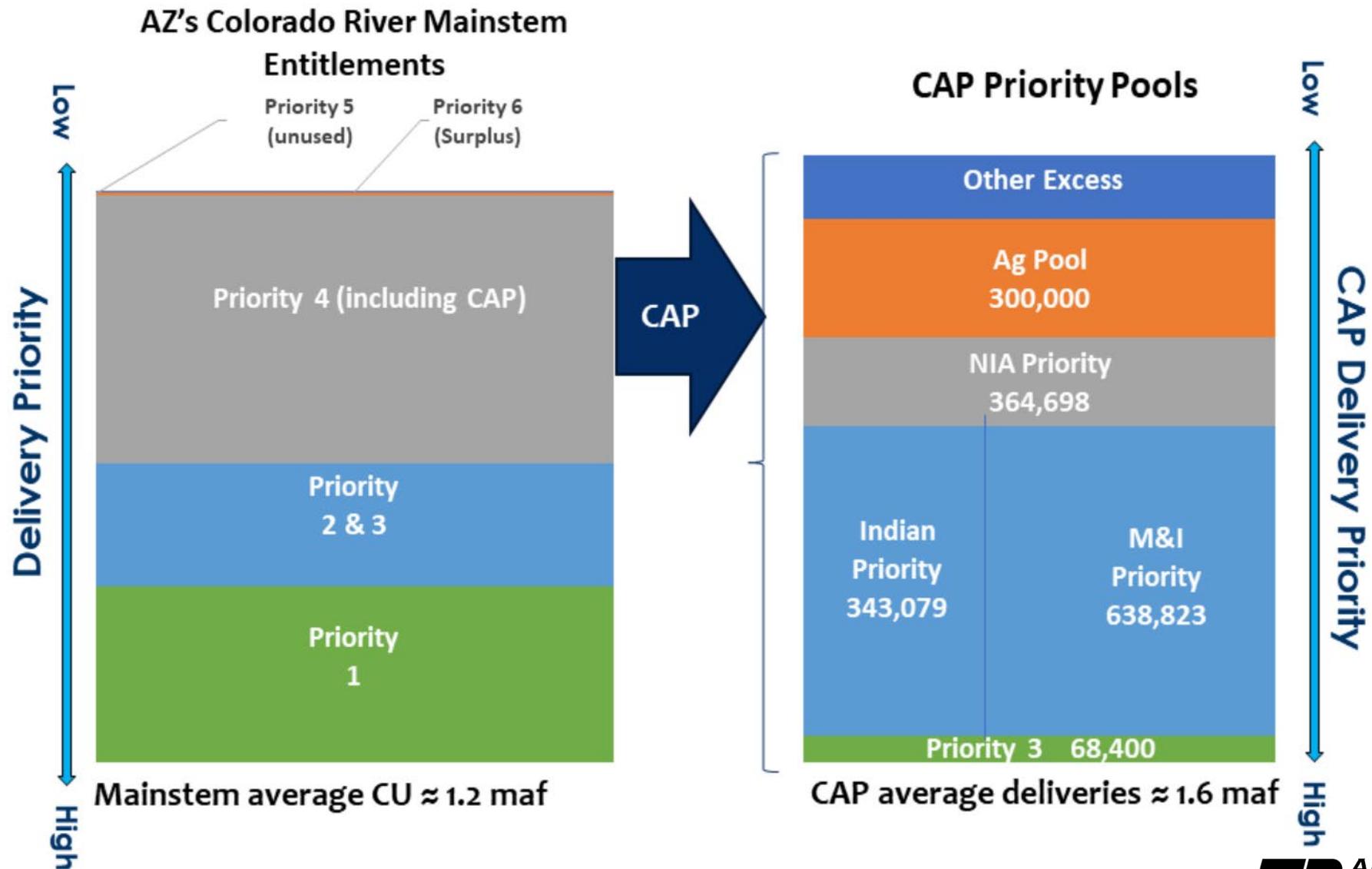
Alfalfa
(and
Dairy)

Cotton



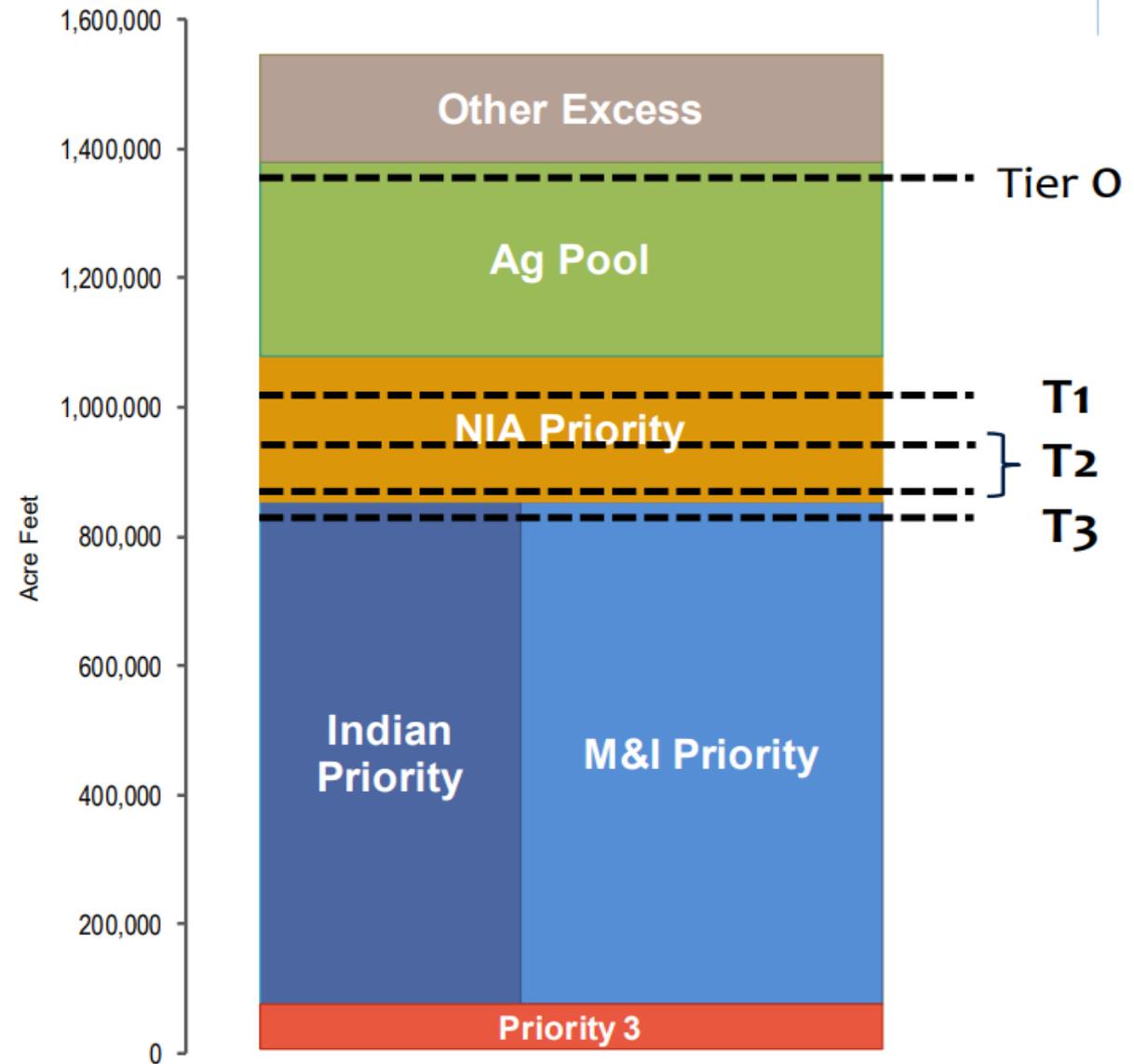
Surface Water

Arizona's Colorado River Priority



Shortage Sharing Guidelines

Tier	Lake Level
0	1090' – 1075'
1	1074' – 1050'
2a	1049' – 1045'
2b	1044' – 1025'
3	<1025'





Impact of Tier ~~One~~-Two Shortage

Entire CAP ag pool has been eliminated and surface water is no longer available for agricultural use in Pinal County.

Rather than transitioning to groundwater gradually by 2030, agricultural users will now rely exclusively on groundwater pumped pursuant to grandfathered irrigation rights

Constraints on pumping capacity and delivery systems could take 30-50 percent of current farmland out of production immediately





Impact of Further Shortages

Higher priority users under significant pressure to reduce use, irrespective of their legal right to the water.

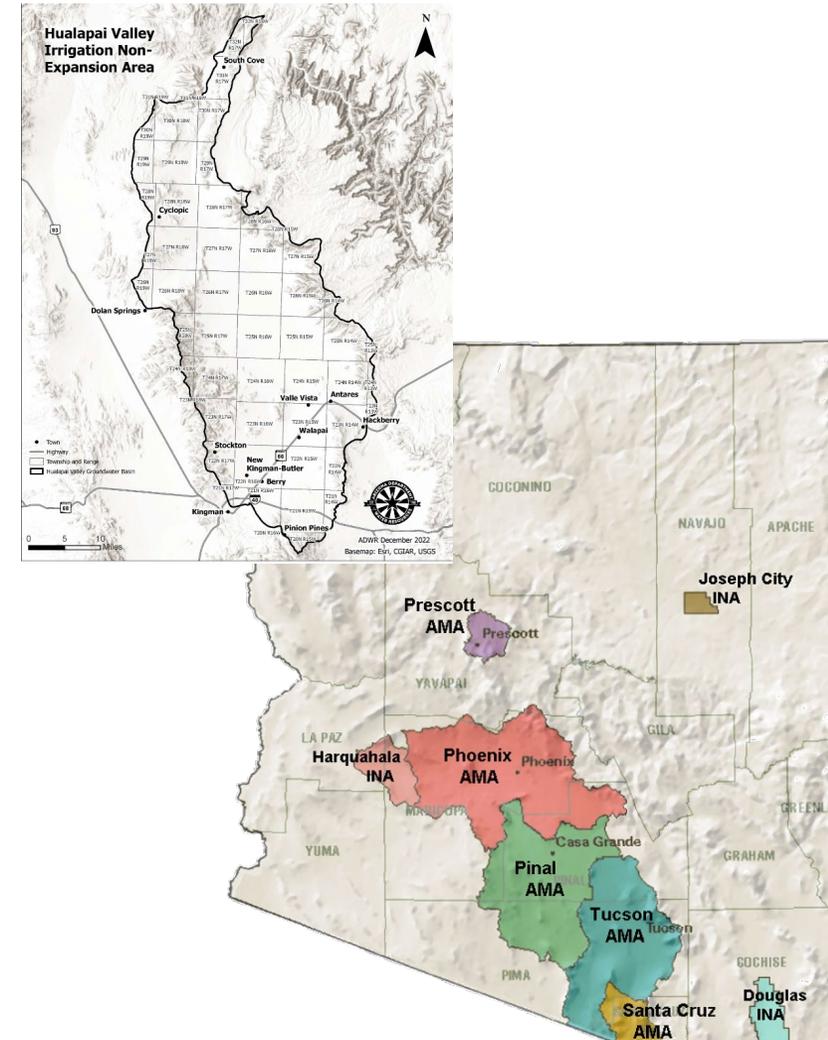
All Colorado River basin states coming together to find ways to share the shortages, with political and legal constraints making those discussions extremely difficult.

Decision makers looking for ways to facilitate those reductions with resources: compensated fallowing, conservation incentives, etc.

Groundwater

Restrictions on Groundwater Use

- Mohave County: Hualapai Basin INA
 - Board of Supervisors petitioned ADWR to initiate proceedings
 - Formal hearings in November, decision in late December
- Cochise County: Douglas Basin INA AMA
 - County-level ballot initiative
 - Douglas Basin AMA passed (
 - Willcox Basin AMA failed (
- Pinal County: no more approval of assured water supply applications relying on groundwater



Future of Groundwater Regulation

- “Citizen-led” initiatives gaining momentum
- Legislative proposals lack potential for success
 - Failure to protect agricultural economies
 - Lack of stakeholder-driven input
- Executive branch involvement likely to ratchet up
 - Executive order to “modernize” groundwater management
 - Governor’s Water Policy Council
 - Scrutiny on state land leases, especially to foreign entities

Governor Hobbs Announces Actions to Modernize Arizona’s Groundwater Management

News Release

January 9, 2023 [f](#) [t](#) [G+](#) [in](#) [p](#)

Move Comes Moments After Releasing Drastic Forecast On Phoenix’s Water Supply

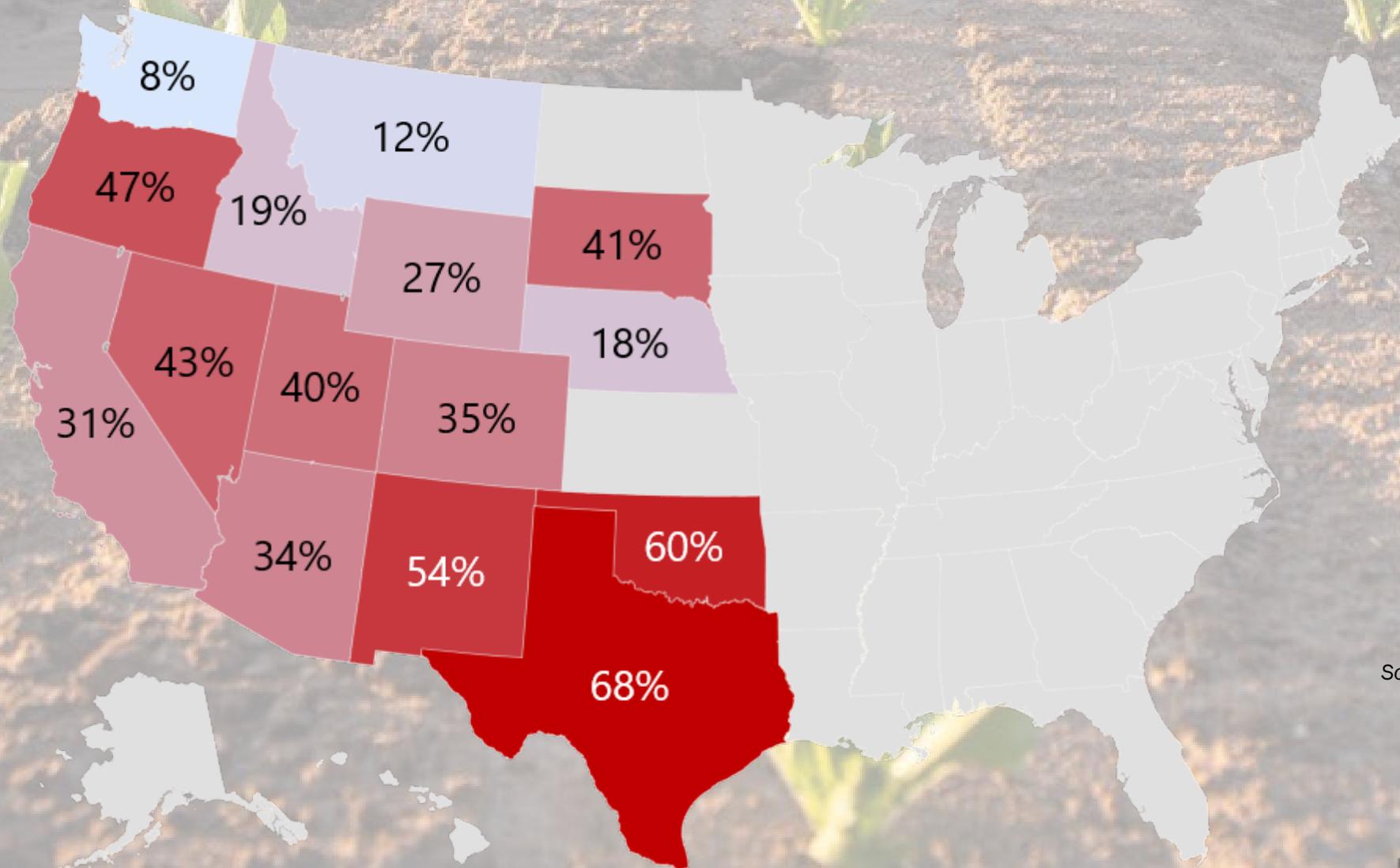
PHOENIX — Governor Katie Hobbs took a step in fulfilling her promise of transparency in her administration, unsealing an until-now **unreleased report** that Phoenix’s West Valley is short of its 100-year supply of water required by law. She followed the drastic announcement with an Executive Order to modernize Arizona’s groundwater management.

Outlook...

Crop Yield Reduction Expectations

Percent Decrease from Average | Assessing Western Drought Conditions

Member Reported

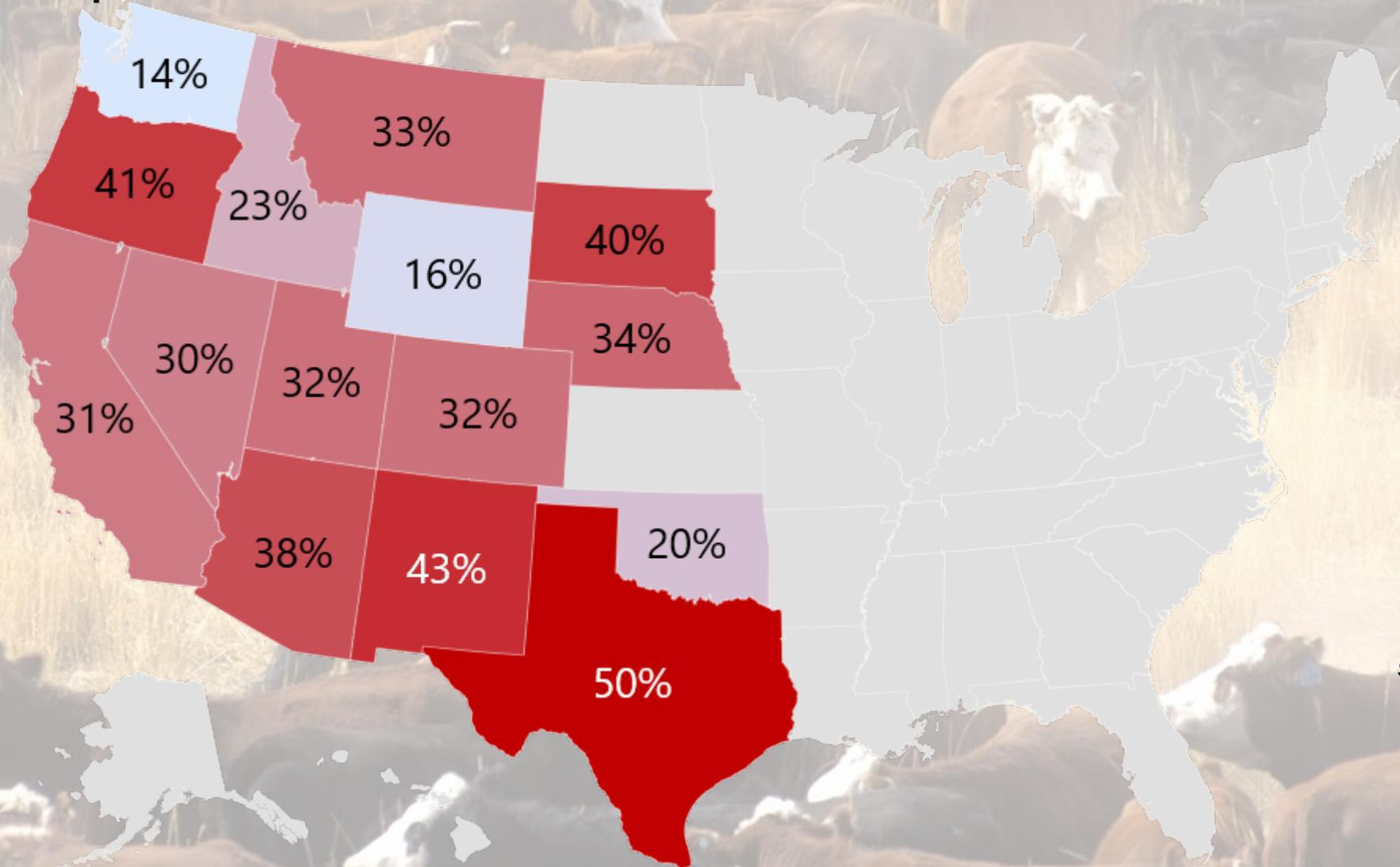


**Weighted
National Average:
38%**

Source: AFBF Jul 2022 Survey Results

Livestock Herd Reduction Expectations

Percent Decrease from Average | Assessing Western Drought Conditions
Member Reported

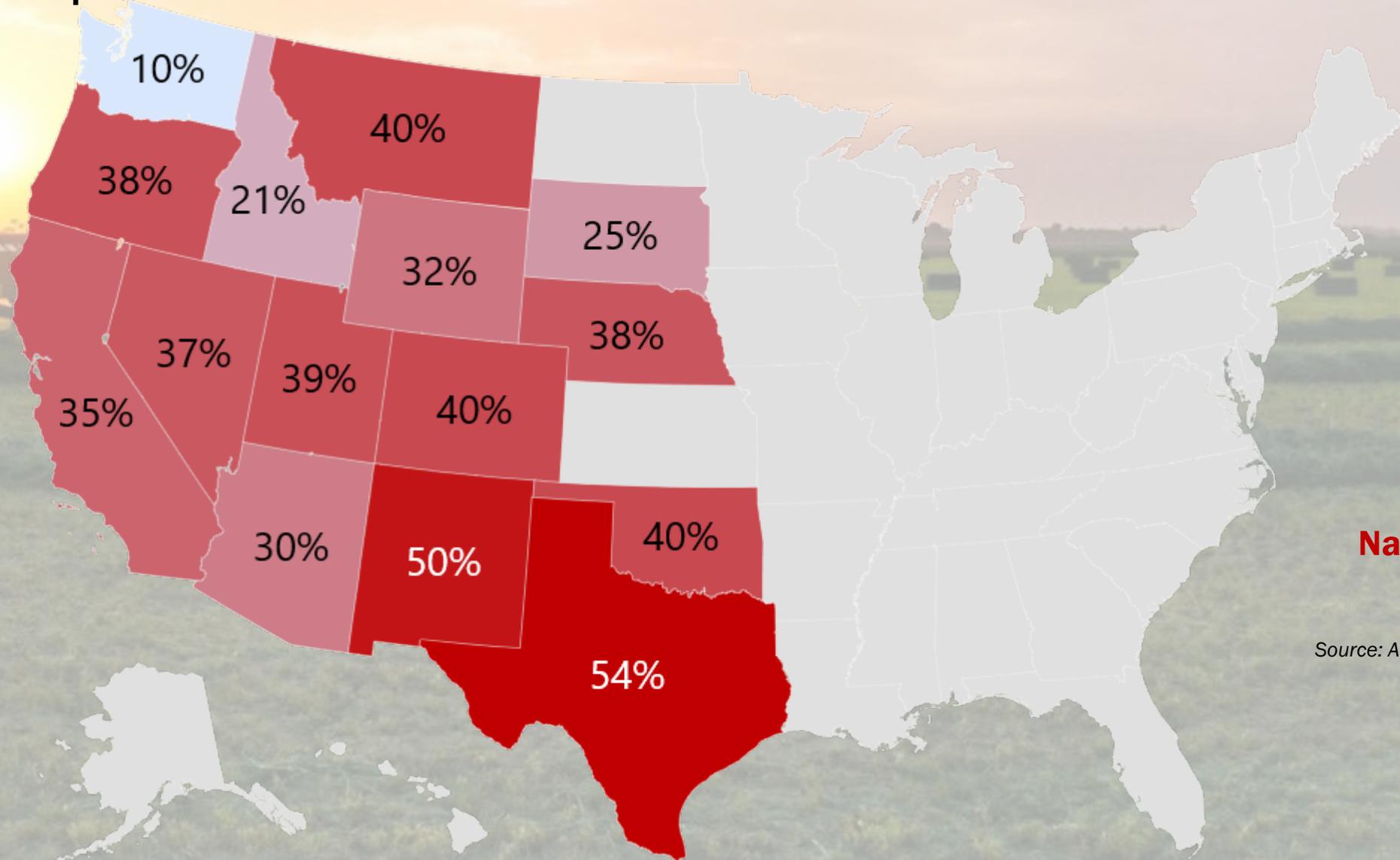


**Weighted
National Average:
36%**

Source: AFBF Jul 2022 Survey Results

Farm Revenue Reduction Expectations

Percent Decrease from Average | Assessing Western Drought Conditions
Member Reported



**Weighted
National Average:
38%**

Source: AFBF Jul 2022 Survey Results

Comments from Arizona Respondents

- I've had to reduce total crop acres and dramatically increase fallowed acres.

I've also not been able to irrigate alfalfa and grass crops during the summer due to reduced water allocations.

- Many of the fields near us are fallow. Crop land is being converted to housing developments at an alarming rate. Over 10,000 new homes are expected within a 10 mile radius of my house--most within a 5 mile radius all on crop land or former dairies.
- The drought is making things where we are thinking of liquidating our herd.
- We are being forced to delay implementation needed of improvements, and consideration of reducing staff numbers. Owners are putting more of savings and personal income into ranch operations to keep afloat
- Really bad.
- Farming economy under great stress, little hope for relief in the near future

Solutions?

Inflation Reduction Act: \$4 Billion for Drought Mitigation in Reclamation States

- (1) Compensation for a temporary or multiyear voluntary reduction in diversion of water or consumptive water use.
- (2) Voluntary system conservation projects that achieve verifiable reductions in use of or demand for water supplies or provide environmental benefits in the Lower Basin or Upper Basin of the Colorado River
- (3) Ecosystem and habitat restoration projects to address issues directly caused by drought in a river basin or inland water body.



“Super WIFA”

- Began as a proposal for a new state agency; ultimately ended up as an infusion of cash into and governance overhaul of existing Water Infrastructure Finance Authority (WIFA)
- \$1.4 billion investment in water augmentation, infrastructure, and conservation
 - \$1 billion: long-term augmentation
 - \$190 million: rural water supply development
 - \$200 million: conservation projects (money from ARPA)
- Broad bipartisan support

