

DRAFT

Governor's Blue Ribbon Water Task Force

Meeting Notes
October 27-28, 2004
Albuquerque, NM

Attendees: Brian Burnett, John D'Antonio, Estevan Lopez, Bill Hume, Larry Blair, Conci Bokum, Steve Hernandez, David Hughes, Howard Hutchinson, Sarah Kotchian, Elmer Lincoln, Paul Paryski, Bob Vocke, and Jack Westman attended the meeting. Representative Mimi Stewart, Beth Bardwell (World Wildlife Fund), Bill Miller (William Miller Engineers Inc.), Fred Nathan (Think New Mexico), and Kristina Fisher (Think New Mexico) attended as guests. Jean Witherspoon (NM Water Conservation Alliance) and Phelps White (ISC Member) also attended the meeting.

The next meeting of the BRWTF will be November 16-17 in Albuquerque, NM.

Task Force members provided the following observations from Governor Richardson's briefing:

- The briefing focused on BRWTF support for water-related funding investments to provide funding to convert temporary positions to permanent status, restore funding levels in permanent Rio Grande and Irrigation Works trust funds, and provide additional funding for the Pecos River Basin settlement;
- The Governor was receptive to the recommendations;
- Governor Richardson indicated that the State Engineer was focused on the day-to-day and that the Task Force should have a long-range focus;
- The Governor seemed receptive to meeting more frequently with Task Force members;
- The Task Force must be skillful in preparing written materials for the Governor; and
- The Governor indicated that the Task Force should meet with GIFT.

Task Force members made the following forward-looking observations:

- Phase 1 was the SWP, Phase 2 is securing funding for OSE/ISC, and Phase 3 will be the long-term focus;
- The Task Force should develop a list of long-term focus areas and set priorities;
- The Task Force must move toward specific consensus-based recommendations;
- Continuing education for Task Force members may be appropriate;
- The Task Force needs to meet with GIFT (Bill Hume to check); and
- The Task Force needs to consider legislation being introduced in the upcoming session (areas of interest include infrastructure, settlements, and active water resource management [water masters and expedited market transactions] – equity is an issue).

The Task Force discussed the draft annual report to the Governor provided by Sarah. The need for two documents (annual report and short briefing paper) was discussed. Sarah will make modifications and redistribute the report with the intent of having a final report at the November BRWTF meeting.

Beth Bardwell, Representative Stewart, and Bill Miller presented the Water Efficient Technology Act ("WET") Discussion Draft and made the following observations:

- Water is cheap;
- Water conservation is the least expensive investment and increases sustainability and reliability;
- The Act implements two recommendations of the SWP and Governor's Invest NM initiative;
- The Act provides for water efficient technology and infrastructure;
- The Act provides for a permanent water conservation fund;
- The Act provides for funds (\$20M/yr) to bond from or leverage federal funds;
- The Act benefits RWPs – they all need conservation;
- The Act is supported by public opinion (67% of New Mexicans would pay more for water);

- Water is the second biggest issue in NM;
- Now is the time to create the fund (finite water resources, lag time to implement, federal funding limited, demand for water projects exceeds available funds [e.g., Water Trust Board had \$500M in requests with \$10M available]);
- Water surcharge is the best way to secure funds (broad-based [80% of users], links payment to use) – residential property taxes and gross receipts taxes not as even/fair;
- \$1/month charge for average city water user;
- Other states have water use fees;
- Water diverted by acequias, federal government, or an Indian nation, tribe or pueblo on tribal or pueblo lands would be exempted;
- Fees would be based on metered diversions except for livestock and domestic wells, which are per well at \$25/well (2.9% of water diverted and 19.5% of fund revenue); and
- Proposed user fees would be \$2/af for irrigated agriculture (79.5% of water diverted and 21.4% of fund revenue) and \$25/af other diversions (17.6% of water diverted and 59.1% of revenue).

Task Force members made the following observations relative the “WET”:

- It is not clear that the proposed user fee will actually encourage additional conservation as investing in conservation is already a business decision and municipalities have their own water conservation strategies;
- The user fee is not equitable nor is the legislation or associated message transparent;
- Individual farmers, ranchers, and domestic well owners will not see any real opportunities to access “WET” funds;
- Acequias should not be exempted;
- The domestic well fee is not equitable and will not lead to additional water conservation; and
- The irrigated agriculture fee of \$2/af will have a significant economic impact, especially on smaller subsistence life-style farmers.

The Task Force discussed the need to take a hard look at strategies for funding water infrastructure, etc. and agreed to revisit the subject in future meetings.

The Task Force discussed the need for additional representation on the Task Force and there was general consensus that representation from the following sectors would be beneficial: industry (possibly Intel), former NM Legislature, PNM, environmental, irrigated agriculture (possibly MRGCD).

Fred Nathan and Kristina Fisher discussed the proposed Strategic Water Reserve legislation and made the following points:

- Strategic River Reserve legislation was almost passed during the last session;
- The Strategic Water Reserve is more focused (ISC establishes strategic river reserve through purchase, lease, or donated water rights using severance tax bonds, which would be used for compact and ESA compliance); and
- ISC is to consult and coordinate by river reach or ground water basin as it establishes strategic river reserves, which will remain in their area of origin.

John and Estevan briefed the Task Force and made the following points:

- GIFT is looking at water reorganization in State government as well as water financing reform;
- Reorganization could distract from the progress currently being made in administration of NM water;
- Active water management (metering/measurement, water masters, and water markets) should not be undermined;
- Water financing reform is a higher priority;
- The proposed Strategic Water Reserve legislation could provide an insurance policy on a limited basis e.g., the Pecos River until systems are in place;
- The proposed “WET” legislation has equity issues e.g., includes exclusions and the same people currently being taxed are being taxed again;

- As a general rule, communities need to pay the true cost of water; and
- Public/private partnerships may help solve some of the problems.

The Task Force made tentative monthly meeting plans:

- November 16-17 meet in Albuquerque to discuss bills presented to Interim Committee, review OSE/ISC priorities/bills, and have GIFT discussions;
- December 15-16 meet in Albuquerque to discuss bills, OSE/ISC funding, and hear status of SWP implementation;
- January 26 (all day) meet in Santa Fe to set agenda (long range areas of focus and education) for coming year and status bills in legislative session;
- February 23-24 meet in Santa Fe to status in legislative session and have an educational presentation; and
- March 23-24 meet in Santa Fe to review passed legislation and make recommendations as appropriate.