



Public Policy Review

Photo: Cynthia Campbell

The Business of Water is Everyone's Business

by Sharon B. Megdal

On March 28, 2018, the Water Resources Research Center held its annual conference. The topic, The Business of Water, was selected to bring attention to the myriad ways monetary considerations influence water management decisions and investment. The presentations and panel discussions throughout the day illuminated the variety of innovative approaches to infrastructure funding, water transactions, and water-based environmental and economic improvements deployed throughout Arizona and the West.

Financial considerations influence the way we think about investments in water projects. Our opening keynote speaker, Ian Lyle of the National Water Resources Association, noted the uncertainties associated with looking to Washington, DC, for assistance with water infrastructure funding. At the regional and local levels, projects may benefit from Public-Private Partnerships, such as those discussed by our opening panel. Large water treatment or conveyance projects require considerable work and can take many years to complete. The panel speakers, who represented a wealth of experience working on complex financing projects and partnerships, addressed the risk assumed by the private sector. Although there are risks, investors value the "safe space" that water projects represent once they are completed. The private sector can be more creative and agile than the public sector, but the risk assumed comes with a price.

The conference section on water transactions focused on their many forms, complex nature, and ethical aspects. Gila River Indian Community Governor Stephen Roe Lewis, who was introduced by University of Arizona President Robert C. Robbins, highlighted the importance of self-determination and the rocky road that led up to the 2004 Arizona Water

Settlements Act. He explained how the many water projects are addressing the needs of all water using sectors, including the environment, and spoke to GRIC (Gila River Indian Community) educational efforts. Governor Lewis informed the audience on how they have looked to alternatives to water leasing and how partnerships have contributed to propping up Lake Mead water levels to forestall declaration of shortage for the Lower Colorado River region by the U.S. Secretary of the Interior.

The panel that followed further elaborated on the complexities, lessons learned, and ethics of water transactions. Attorney Peter Culp emphasized the need to improve the use of the water resources we have through investments, and City of Phoenix Water Resources Management Advisor Cynthia Campbell explained how partnerships with others have enabled Phoenix to enhance water system efficiency and sustainability. I had the privilege of reading Morrison Enterprises Chairman Richard Morrison's thoughtful commentary on water ethics (see Guest View). I would like to focus here on the part of his comments on which I received the most feedback, namely his discussion of the tie between policy choices and economic justice. He wrote that economic justice should have the following six attributes: equal respect and concern for all, special concern for the poor and oppressed, recognition of basic human needs, human freedom, contributions to the well-being of the community, and the fulfillment of our obligations to future generations. He explained how his experience working on Native American water settlements led him to acknowledge that requiring human freedom may conflict with fulfilling obligations to future generations. He commented: "In other words, in the exercise of our freedom in the present day, we may elect to maximize the economic benefit to ourselves through the marketing of a resource that will be needed by future generations of people living where the water came from in the first place. So, sometimes decision making with reference to even widely adopted principles will be difficult." Indeed, the many tradeoffs associated with water transactions, including those related to economic justice, are varied and complex.

In recognition of our region's proximity to and relationship with Mexico, the luncheon program focused on water resource management and infrastructure investment issues in the border region. The International Boundary and Water Commission and the North American Development Bank facilitate water and wastewater investments and management in the border region. IBWC Commissioner Edward Drusina and NADBank Chief Sustainability Officer Salvador López Córdova explained that, like elsewhere, funding availability will determine infrastructure investment opportunities.

The Environment and the Business of Water panel provided insights into innovative programs being accomplished through funding partnerships involving NGOs and philanthropic organizations. Through leadership from not-for-profit organizations, but often with support from for-profit businesses, we are witnessing greater consideration of water for natural systems in water-related investments. While water use by the municipal, agricultural, and industrial sectors are regularly if not always well measured, the environment tends to be the forgotten sector. Most recognize that recreation, tourism, and property values depend on the condition of our natural environment. Nevertheless, the not-well-measured water requirements of healthy natural systems have limited legal standing in Arizona. A paper I co-authored in 2011, entitled "The forgotten sector, Arizona water law and the environment" (*Arizona Journal of Environmental Law and Policy* 1(2), pp. 243-293), discussed the importance of voluntary transactions in bringing the environment to the table as a water-using sector. In fact, as the panel illustrated, this has happened since publication of the article.

The panel on Water and Economic Opportunity, which included featured speakers from Yuma, Clarkdale, Tucson, and Phoenix, underscored how water availability and innovative water projects enhance the vibrancy of our local economies. Whether we live along rivers, mostly dry riverbeds, or not near rivers at all, carefully planned water systems and water features contribute to economic development and the enjoyment of the places in which we live.

Clearly, the business of water affects us all. Despite successes, we live where water supplies are limited relative to water demands. Closing speaker Arizona Department of Water Resources Director Tom Buschatzke underscored some key challenges Arizona faces. Whether communities depend on groundwater or surface water, challenges abound. Moreover, their nature changes over time.

Fostering understanding of Arizona's water resource challenges, along with the opportunities to address them, is a key priority of the Water Resources Research Center, and our annual conference is a signature WRRRC program. We thank the excellent speakers, the more than 300 people who attended the conference, and the conference sponsors for contributing to a meaningful and informative dialogue. Finally, I would like to extend my personal thanks to the staff and conference volunteers, including the Conference Planning Committee, for their contributions.

Conference presentations and related materials can be found at <https://wrrc.arizona.edu/conference-2018-agenda>.



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All of Dr. Megdal's Public Policy Columns are available here:

<https://wrrc.arizona.edu/columns>



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