

AGRI-BUSINESS COUNCIL OF ARIZONA, INC.

Arizona's Reclamation Representative to the National Water Resources Association



Second Quarter 2007

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PRESIDENT'S MESSAGE

Each year at our Annual Business Meeting, we honor individuals that have given their time and energy to serving the agricultural community at large. This year, we recognized four individuals that have supported and been leaders in water and agricultural issues: James Bartlett, Representative Jack Brown, Senator Jake Flake, and Don Pope. These individuals have set themselves apart in their dedication and service to our industry.

Also at the Annual Meeting, U.S. Senator Jon Kyl spoke to the Agri-Business Council about the need for immigration reform. He seems to understand the immediacy of this issue and is currently working on legislation in this regard. We are grateful for the time he took to come and address our organization. Please read more about the Annual Business Meeting in this newsletter.

In March, several of your members went to Washington, D.C. to attend the NWRA's Federal Water Issues Conference. While there we also met with some of Arizona's Congressmen and staff as well as committee staffs and the Bureau of Reclamation to discuss several issues, including Security Costs being non-reimbursable, Immigration Reform, the Arizona Water Settlement Act and its completion, and the Bureau of Reclamation's EIS for Colorado River Interim Guidelines for Lower Basin Shortages. These meetings were extremely insightful and productive in helping our representatives understand current issues facing our industry.

The State legislative session has been rather favorable for bills our organization has been pursuing. Bills regarding Copper Theft and Irrigation/Electrical District Voting wound their way through the legislative process and were signed into law by the Governor, as was the Ag Best Management Legislation which made them part of the 4th and 5th "Management Plans."

Our Annual Golf Tournament is coming "soon"! It will be held on November 16, 2007 at the Francisco Grande in Casa Grande, Arizona. Please be sure to mark your calendars and plan on attending. I look forward to seeing you on the green!

Grant Ward
President

EXECUTIVE DIRECTOR'S REPORT

Well members and friends, this year is moving right along and quite a number of events have already taken place. On May 18th we wrapped up a very successful

Annual Meeting replete with a great line up of speakers. Please see the Annual Business Meeting Article for more information.

We were fortunate to have a number of bills signed this session by Governor Napolitano including HB 2640, HB 2440, HB 2314 and SB1557. HB 2640 and 2440 create the option for electrical and irrigation districts to allow acreage voting among other provisions; HB 2314 increases enforcement measures to cut down on copper and other metal theft. It has been a devastating year for many of our members and I'm sure that we will be looking at legislation on this topic next session. It is far from a perfect bill but a Herculean effort was made by many this session. SB 1557 passed with an amendment by Senator Flake to allow the extension of the Agricultural Best Management Practices into the 4th and 5th groundwater management plans.

One last note, I recently returned from a very successful trip to Washington, D.C. with Family Farm Alliance leaders to address concerns related to impacts on agricultural water supplies, climate change, aging infrastructure, urban growth impacts and other topics. We had positive discussions with Congressional and committee staff on the Hill and Administration staff from OMB, the Bureau of Reclamation, the Council on Environmental Quality and USDA. We were fortunate to visit for 30 minutes with Senator Ron Wyden of Oregon. We also coordinated with some non-governmental organization Directors including Jeff Eisenberg with the Public Lands Council and Donna Garren with the National Restaurant Association, working to build of coalition of organizations to assist us with our legislative goals of providing healthy food and fiber with reliable water supplies. It was a very successful Farm Lobby trip and was wrapped up with well prepared testimony on "Climate Change and Water Supply Impacts" by Family Farm Alliance President, Pat O'Toole, a cattle and sheep rancher from Savery, Wyoming.

It has been a very busy few months thus far in 2007. We have a busy summer planned with an upcoming National Water Resource Association meeting in July, member recruiting, Executive Committee and other meetings and our H2Open Golf Tournament to prepare for in November.

Chris Udall
Executive Director



SUSTAINABLE WATER SUPPLIES FOR SUSTAINABLE IRRIGATION

By George Fletcher
Replenishment Services, LLC

I was honored to present the topic "Sustainable Water Supplies for Sustainable Irrigation". One definition of sustainability is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Note, however, that in 722 years the current world growth rate will result in one person for each square meter of land on the earth. Planning for that scenario will take some real thought!

Unconventional thinking is needed. For example, we know that reclaimed wastewater is a high quality, growing fresh water resource that could supply agriculture allowing groundwater and renewable surface water supplies to be used to supply urban growth.

An example of a unique approach might be this: Hermosillo Mexico, which is struggling with declining groundwater, could use ocean desalination as a new water supply, sending reclaimed water to the Ciudad

Obregon, Sonora, Mexico area further to the south. The surface water supplies being used for agriculture could be diverted via inter-basin diversion to the head of the San Pedro River near Cananea, and then used to restore the San Pedro environment as well as supply water to growing Sierra Vista, Tucson, and communities even further north and then southwest along the Gila River. While this may or may not be a practical water supply project, the point is that unconventional thinking on a broader scale will be needed to resolve the water resources challenges. This seemed to resonate with the attendees.

In addition, the agricultural industry must revolutionize its approach to include “controlled environment agriculture” employing hydroponics and aquaponics. This will increase yields with reduced water demands, reduce the land area needed and create “farms” compatible within the urban environment. Again, reclaimed water treated to the highest standards can be used to sustain the industry. In the interim, using existing infrastructure that has already been capitalized to convey reclaimed water for agricultural use can be a bridge to the new sustainable agriculture for the 21st century.

FAMILY FARM ALLIANCE OFFERS CONGRESS GUIDANCE TO MEET CLIMATE-DRIVEN WATER CHALLENGES

By Dan Keppen
Family Farm Alliance

“Relying on agriculture to be a “shock absorber” to soften or eliminate the impending water shortage is not planning. It is a choice to put our heads in the sand and hope for the best.”

Family Farm Alliance President Patrick O’Toole told a Senate Committee Wednesday that Western irrigated agriculture and U.S. food security should not be sacrificed in order to avert critical water supply shortages resulting from rapid urban growth, drought and global climate change.

In testimony before the Senate Energy and Natural Resources Committee on the potential effects of climate change on Western water supplies, Alliance President Pat O’Toole said that population growth alone is already creating a water supply crisis in the West. He told Senators that many cities are fueling their growth by buying up agricultural land and water.

“Allowing water-short cities to absorb farmers’ water supplies will significantly diminish domestic food production at exactly the same time global warming is predicted to severely adverse impact food production worldwide,” O’Toole testified.

He noted that the U.S. has already become a net importer of food. “Food production, like so many of our industries and services, is moving off shore, and a large part of our security is moving with it.”

Western cities and farms depend on water supplies “stored” in the mountains as snow in the winter to feed streams and rivers and refill reservoirs during the spring and summer when there is little rainfall. However, scientists and government officials told the Senate Committee that global warming could significantly reduce the amount of snow that accumulates in Western mountains, causing potentially severe water shortages.

“Western water supplies are already inadequate to the demands of agriculture, urban growth and environmental enhancement,” said O’Toole, who served on the federal government’s Western Water Policy Review Advisory Commission in the 1990s.

He called for the expansion of Western water supplies through improvement of existing facilities, better resources management, and the development of new storage projects. Improvement in water conservation and efficiency by urban and agricultural water users also must be part of the solution, O'Toole said, but "it is simply ludicrous to believe that conservation alone will supply enough water for the tens of millions of new residents expected to arrive in Western cities during the coming decades."

O'Toole said that the federal government can facilitate the development of state and local water supply projects by streamlining its regulatory process, which now requires decades and tens of millions of dollars to navigate.

Committee Members and witnesses from urban water agencies, conservation groups, and hydroelectric power suppliers joined O'Toole in calling for more research and planning to prepare for the effects of climate change on Western water supplies.

"Relying on agriculture to be a "shock absorber" to soften or eliminate the impending water shortage is not planning," O'Toole said. "It is a choice to put our heads in the sand and hope for the best."

"In many places, they say 'Water is Life.' I recently read that 'Water is hope.' That is certainly true in the West," O'Toole said.

To read Pat O'Toole's testimony, please go to <http://www.familyfarmalliance.org>.

NEW MEMBERS

We would like to welcome **Waylon Wuertz** and **Davey-Cairo Engineering, Inc.** as our newest members of the Agri-Business Council of Arizona. Thank you for continuing to make ABC the exceptional organization it is!

ARIZONA-MEXICO COMMISSION WATER COMMITTEE

By John S. Hetrick
Salt River Project

On April 2, the Arizona-Mexico Commission (AMC) and the Comisión Sonora-Arizona created a Water Committee to address water issues in the Sonora-Arizona region and is co-chaired by public and private sector representatives from both Arizona and Sonora. The Arizona co-chairs are the Director of the Arizona Department of Water Resources, Herb Guenther, and the Salt River Project's Manager of Water Rights and Contracts, David Roberts. The first meeting of the Committee will be held in Tucson on June 14 as part of the AMC's 2007 Summer Plenary Session. Agenda items will include Arizona-Mexico water augmentation, operation of the Yuma Desalter, desalination planning and activities in Sonora, and Colorado River augmentation efforts. For more information please visit www.azmc.org.



ANNUAL MEETING REVIEW/REPORT

Each year, the Agri-Business Council hosts an Annual Business Meeting. This meeting is one of two major events ABC holds each fiscal year to benefit the entire agriculture community in the State of Arizona.

This year's Meeting was held on Friday, May 18, 2007 at 8:30am at the Phoenix Zoo in Phoenix, Arizona. We had over 90 people in attendance and were thrilled to welcome nine speakers to our event including Dr. Mike Crimmins, a Climatology Professor at the University of Arizona. He updated us on research being conducted and potential impacts to agriculture in Arizona. We also heard from Dr. Enrique Donnadiu from the Technological Institute of Sonora (ITSON) in Obregon, Sonora, Mexico regarding the need for the creation of a chapter of the Agri-Business Council in the State of Sonora. George Fletcher with Replenishment Services, LLC also addressed us and provided insight to the many opportunities in water transfers and marketing to convey water where it's needed. Matt Bigham with Western Growers Association and Sherry Pitsch took the opportunity to update ABC on the progress of and incentives for the insurance pool that has been created to help our membership. We also heard from the Bureau of Reclamation's Acting Regional Director of the Lower Colorado Region, Larry Walkoviak. He gave us a great update on what is happening within the Bureau in our region. John Skelley with Pinal Energy updated us on the status of the ethanol plant being constructed in Pinal County. We wish him well in this endeavor and look with interest to future opportunities for agriculture to grow and benefit from lessons being learned. We also had Tom Donnelly from the National Water Resources Association address us with an update from Washington D.C. on such topics as Security Cost legislation, opposition to Congressman Oberstar's legislation redefining "waters of the U.S." and other important water related legislation. We thank him for traveling so far and making the meeting even with the onset of pneumonia. Lastly, Senator Jon Kyl flew straight in from Washington, D.C. to give us the latest update on a couple of key bills but focused his attention on negotiations for the Immigration reform bill currently being debated in Congress. It is a very difficult issue to address and rather than sit on the side lines, he chose to play a major role in producing a bill that will provide reforms that are badly needed and can work. We wish him well and thank him for his service and tireless efforts our behalf.

Many of our speakers presented power point presentations – if you would like to view these, please visit our website at <http://www.agribusinessarizona.org/annualmtg.html>.

We also presented four awards this year to show our appreciation to some wonderful and deserving representatives of and advocates for the agricultural industry. Our first award went to Jim Bartlett who received the 2007 Statesman Award for his work with Arizona Power and Water Users. The Special Recognition Award went to Don Pope for 20 years of leadership and service to the Agri-Business Council and Agricultural Community at large. The third and fourth awards were the prestigious Water Buffalo Award given to Representative Jack Brown and Senator Jake Flake for their continuous support of agriculture and water rights at the Arizona State Legislature.

Thank you again to all who participated and made this such a fantastic event. We especially want to thank our five sponsors for their generous support of this year's annual meeting. The sponsors include Central Arizona Project, Salt River Project, Davey-Cairo Engineering, Inc., Farm Credit Services Southwest, and Western Growers Association.

UPCOMING EVENTS

Date	Event	Place
June 15, 2007	Executive Committee Meeting	Buckeye, Arizona
July 25-27, 2007	NWRA Western Water Seminar	Monterey, California
August 24, 2007	Executive Committee Meeting	Pinetop, Arizona
September 21, 2007	Executive Committee Meeting	Coolidge, Arizona
October 19, 2007	Executive Committee Meeting	Mesa, Arizona
November 7-9, 2007	NWRA Annual Conference	Albuquerque, New Mexico
November 16, 2007	Annual H2Open Golf Tournament	Casa Grande, Arizona
December 7, 2007	Executive Committee Meeting	Tucson, Arizona

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