

Business community watching Colorado River cuts and policy closely

July 18, 2022

It is an unprecedented era for water management in the Colorado River basin and the severity and magnitude of drought's impacts to the basin is becoming more clear for all of us who depend on the river in the Southwest. Additional water cutbacks are now expected for Arizona, Nevada, and California and the federal government has required an agreement by this August from all basin states on how they plan to reduce water use dramatically in 2023. We've always maintained that the business voice and the brands are key drivers in this conversation.

What we know:

- Southern California cities rely on the Colorado River for roughly 1/3 of their water
- Las Vegas receives ~90% of its water from Lake Mead and the Colorado River
- Arizona relies on the Colorado River for 36% of its water

New water supply developments that are happening simultaneously:

- This spring, Tanya Trujillo, Assistant Secretary for Water and Science at the Department of the Interior, called for "extraordinary action" which requires holding back 500,000 acre feet from Lake Mead to support operational and national security concerns at Lake Powell. Reducing water deliveries to Lake Mead will hasten the decline of reservoir levels.
- There are now reports that we will see an upgraded federal shortage declaration from Tier 1 to Tier 2 as soon as August 2022. A Tier 2b declaration will create deeper cuts for AZ, NV, and CA as soon as 2023 (combined 867,000 acre feet reduction)
- In mid-June, Commissioner Camille Touton at the Bureau of Reclamation provided Congressional testimony and said that *states that receive Colorado River water need to reduce water use by an additional 2-4 million acre feet in 2023.*

Taken collectively, these largely unanticipated developments over the last year represent a notable change in the basin's water supply equation and significant additional cuts are now confirmed for AZ, CA, and NV in 2023.

When businesses came together for the Drought Contingency Plan (DCP) in 2019, no one envisioned how extensive these next cuts would be, nor how quickly they would happen. Now, more than ever, it is important to be informed and engaged on these issues. It's not yet clear exactly what these cuts will mean for lower basin communities, businesses, and irrigators, or for the upper basin states. However, these cuts will certainly not affect all states, cities, or water users equally. We anticipate growing scrutiny on water use and water policy, and the corporate voice and influence will be key to help the region do more with less water.

We seek to provide our partners with updates regarding water supply trends that will affect business and communities in the Southwest U.S. We are working on a broader strategy to brief businesses on the latest water supply developments for this region. In the meantime, we will continue to monitor updates and share relevant updates on this page.

Colorado River cuts and management in the news:

[As drought shrivels Lake Powell, millions face power crisis](#), The Guardian
[Opinion- Three keys to finding drought solutions in the West](#), The Hill