I thank you again for inviting me to speak to you today. Almost exactly a year has passed since I spoke to you last. It has been quite a year.

We have had good news and bad news. Fortunately, the good far overshadows the bad.

The bad news is that the historic drought continues in the Colorado River Basin with no sign of ending. The good news is that we have achieved remarkable victories in the basin that chart a course for the future through times of drought and surplus alike. Landmark accomplishments that change for the better the way we manage our water – providing more security, more transparency, and more flexibility to all seven basin states.

Last year, I challenged you to work together to resolve the water issues of the basin, rather than force me as water master to unilaterally intervene or a federal court to decide your future. You rose to the challenge. I applaud you.

This is truly an historic moment. As the Colorado River navigates a 1,500-mile journey down mountains through canyons and across desert landscapes, you have navigated the shoals of history. You have steered around the cataracts and sharp boulders of litigation and acrimony. You have found the serene waters of partnership and cooperation. This is the most important agreement among the seven basin states since the original 1922 Compact. An extraordinary achievement.

It was not easy reaching this day. A couple of times we peered over the edge of the abyss, the white water churning under our keel, threatening to capsize our vessel. But we stayed afloat. We reached the goal. In doing so, we have provided a course for the rest of the country – and other river basins around the world -- to follow.

Something happened to me recently that illustrates the full impact of what you have accomplished here.
One day early last month, I was called to the White House to brief President Bush on the devastating California wild fires. At the time, the fires were still raging and our brave firefighters were struggling to contain them.

At 9 a.m., we met in the Roosevelt Room. I brought him up to date on the horrific fires that ultimately displaced close to 1 million people and destroyed thousands of homes. I know that some of you in this room were touched by the impact of these fires. They demonstrated how powerful the forces of nature can be.

At 10 a.m. we went across the hall for a Cabinet meeting where I unexpectedly got a new assignment. I had planned to go to California to help deal with the fires. I was told instead to go south to talk to the governors of Alabama, Florida, and Georgia.

A record drought had struck the Southeast. A water war was on the verge of breaking out among the states. It’s a situation any westerner will recognize: accusations, litigation, slugging it out in the media. You know the deal.

The President’s senior staff predicted that when the fires were out, this would be the next crisis on the front pages of our nation’s newspapers. And it was.

The President gave me the assignment because I have been a western governor and because, as Secretary of the Interior, I have the experience of being water master here on the Lower Colorado River. Like any western governor, I’ve dealt with my fair share of water disputes. I know about water systems and water rights and water masters. As I noted last year, we negotiated the largest water settlement in Idaho’s history with the Nez Perce tribe, ending decades of bitter litigation.

In fact, anyone in this room can look eastern governors in the eye and say “Been there, done that.” You want to talk about water issues, take a look at the Colorado River. If the seven states in the Colorado River Basin can get together and work out a deal, then surely you can.

So I went south and spoke to the three governors individually. What I told them was exactly what I told you in my speech last year. You can fight a war and someday, after years of acrimony and litigation, a federal judge will declare a winner and a loser. But even for the winner, it will be a pyrrhic victory. The cost of the battle will be greater than the fruits of success.

I told them now is the time to sit down with your neighbors and work out a solution. There will be no true winners unless everyone gets something and everyone gives up something. I’m sure all of this sounds very familiar to you.

The message had the desired effect. The governors came to Washington and we worked out a preliminary agreement – a way to move forward.
The President’s staff was right. It was the next big story. There were 18 television cameras at our press conference in my office announcing the deal. CNN carried it live. The next morning the headline in USA Today said “Bush Scores Water Deal.”

Unfortunately, the stories about drought and water wars aren’t going to stop anytime soon. Let me read you some headlines from around the country.

“Lake Superior is Disappearing” CBS News reported.

“Drought Leaves Livestock Hungry, Farmers Hurting,” Channel 13 in Birmingham, Alabama reported.

“River Drying up Fast,” reported the Rexburg Standard Journal in my home state of Idaho.


The Council of State Governments issued a report recently that concluded, and I quote:

“The water wars have spread to the Midwest, East, and South…water conflicts are occurring within states, among states, between states and the federal government and among environmentalists and state and federal agencies.”

Everybody is talking about drought. And it’s not just here in the Colorado River Basin or just in the United States.

A couple of weeks ago, I traveled to Cape Town, South Africa to head the U.S. delegation to the 2007 Ministerial Summit of the Group on Earth Observations.

The Group on Earth Observations is a 73-nation partnership that President Bush helped launch four years ago. It is focused on helping countries to better share data from their weather satellites and other earth monitoring equipment.

By sharing data, we can get a better scientific picture of the forces that are shaping the earth and respond more effectively to natural disasters ranging from floods to hurricanes.

This international partnership holds great promise for more effective management of the world’s fresh water. Unlike the Colorado River where every drop of water used is quantified, measured and reported, many areas of the world have little ability to monitor what happens to their water. They can use satellite imagery to monitor their water – a first step in reaching the goal of sustainable management.

Throughout the Cape Town meeting, one issue kept surfacing; drought. We are seeing devastating droughts in many parts of the world. When I visited Australia last spring, for
example, I learned that it is in middle of one of worst droughts in its history. In some developing countries, drought may contribute to chronic food shortages.

I’m sure we all remember the “Big Blue Marble” – the famous photograph of Earth taken from space in 1972 by the crew of Apollo 17.

What a wonderful image. Our beautiful blue and green planet floating alone in space. The only home our species has ever known. The place where all of human history and, so far as we know, the history of life itself has taken place. When that photo was taken, our Earth was a life support system for about four billion people. Today, within just one generation, that same Earth supports almost seven billion. By 2050, that number is expected to grow to about nine billion.

These billions will be our heirs. Our children.

All of these children will need water. And yet on a planet that is two-thirds covered with water, many areas are suffering from a chronic shortage of fresh water. In the words of the Rime of the Ancient Mariner: “Water, water everywhere but not a drop to drink.”

Finding the water to quench the thirst of billions of people, to grow the food to feed them, to produce the electricity to run their economies, to conserve their land and its wildlife: that is the challenge of the 21st century.

I was pleased to be able to report that the United States, Canada and Mexico have joined forces to develop the North American Drought Monitor program. This partnership will generate better data about drought conditions on our continent and help us manage water resources more effectively. I believe it will become a model that other nations can use on other continents.

Unfortunately, the drought situation both here in America and around the world threatens to get worse.

Here in the West, for example, runoff in five of the seven Colorado River basin states is projected to decline by more than 15 percent during the 21st century. If the basin warms and evaporation increases, we could face a situation in which the amount of precipitation we are receiving today produces significantly less runoff in the future.

Imagine this happening across the country – and around the world – and you see the challenge ahead.

This is why what we have done together here in the Colorado River basin is so extraordinarily important.

In the past seven years, the management of the Colorado River Basin has been a top priority of this Administration. Together, we have proven that, through cooperation and
partnership, we can successfully manage a river that meets the water and power
generation needs of millions of people and irrigates one of our most important
agricultural breadbaskets. We’ve done this during a period of sustained and
unprecedented drought. Look at the list of accomplishments:

In 2001, the Interim Surplus Guidelines.
In 2003, the California 4.4 settlement.
In 2004, the Arizona Water Settlements Act.
In 2005, the Lower Colorado River Multi-Species Conservation Plan.
In 2006, the preliminary agreement on the shortage guidelines and coordinated operations of Lake Powell and Lake Mead.

We had enormous momentum going into 2007 to secure a future of cooperation and partnership in the basin. But we also faced significant risks.

When I spoke to you a year ago, I challenged you to follow four principles.

First, cooperate, don’t litigate.
Second, seek creative solutions to the challenges you face.
Third, hope for the best but expect the worse – prepare for continued drought.
Fourth – and most important -- don’t fumble the ball in the Red Zone. Don’t march down the field only to drop the ball on the one-yard line. Punch it across the goal line.

How did we do? Today, I am pleased to say that 2007 has been the best year yet. This is a landmark year.

First and foremost, we reached final agreement on the Coordinated Operations of Lake Powell and Lake Mead and on the Shortage Guidelines. For the first time since 1922, all seven basin states have reached an agreement on the management of the Colorado River. This is a triumph of federalism under our Constitution. It is a victory for both the states and the United States.

This is an agreement to share adversity. It is easier to be gracious when you have surplus. Much tougher in times of scarcity. Sharing adversity is what good neighbors do. You have been good neighbors.

During the process of reaching this agreement, we saw a remarkable consensus emerge in the basin among stakeholders including the representatives of the seven basin States. This consensus had a number of common themes:
· encouraging conservation
· planning for shortages
· implementing closer coordination of the operations of Lake Powell and Lake Mead
· preserving flexibility to deal with further challenges such as climate change and persistent drought
· implementing operational rules for a long – but not permanent – period in order to gain valuable operating experience
· and continuing to have the federal government facilitate – but not dictate – informed decision-making in the Colorado River Basin.

The detailed, technical work by the Bureau of Reclamation to identify options and facilitate solutions during this process also was a key element in our shared success. The Bureau’s technical staff – people you know like Terry Fulp, and Tom Ryan -- consistently produced accurate, timely and transparent information for all the stakeholders to consider. The level of trust they generated in this process was a key catalyst for success.

When I sign the Record of Decision in a few moments, we will adopt four key elements of river management.

· First, the new guidelines establish rules for shortages – specifying who will take reductions and when they take them. This is essential for prudent water planning in times of drought.

· Second, the new operational rules for Lake Powell and Lake Mead will allow these two massive reservoirs to rise and fall in tandem, thereby better sharing the risk of drought.

· Third, the new guidelines establish rules for surpluses, so that when we are blessed with ample runoff, we will have rules in place to distribute the extra water.

· Fourth, the new rules will address the ongoing drought by encouraging new initiatives for water conservation.

Together, these guidelines put the entire basin in a much better position to deal with the impacts of both wet cycles and dry cycles, droughts and surpluses.

I am particularly impressed by the innovative approaches you have taken to conserve water, especially the construction project known as Drop 2. The project will be located in California, but it is being paid for Nevada. It will create a small – but important – reservoir to conserve additional water for Nevada’s use over the next two decades. After that, the additional water will benefit all state users in the lower basin states. This is truly an innovative example of cooperation among states. A win together. It is an idea that may help other states facing shortages meet their needs.
I was impressed with other conservation measures -- for example, the agreement allows water users to obtain future credit for conserving water and leaving it in Lake Mead. It also sets up a framework to allow cities to contract with willing farmers to temporarily fallow fields in dry years while respecting the basin’s agricultural heritage.

As these conservation initiatives move forward and new ones are developed, we will review them through a transparent process. That means that as we are reviewing them, you will have the opportunity to review them as well.

Perhaps most important for the long term, the Record of Decision activates a legal agreement among the seven basin states that contains a key provision. The states are committing themselves to address future controversies on the Colorado River through consultation and negotiation – as an absolute requirement – before resorting to litigation.

I am convinced that 50 or 100 years from now, the people of the basin will look back on 2007 in the same way they do on 1922. This is why this is truly historic.

I am also convinced that as other states – and other countries – struggle to resolve their water issues in the coming decades, they will look to this agreement as a model. A way to embrace consensus rather than conflict. To conserve and share water rather than fight over water. To ensure that everyone walks away from the table a winner.

Your success already has attracted a lot of attention around the globe. For example, this week’s edition of The Economist magazine reported on this agreement to its readers around the world. Representatives at a recent meeting of the World Bank expressed interest in the innovations that are contained in the agreement.

The Record of Decision was our most significant accomplishment in 2007, but it was only one.

We resolved all the litigation issues surrounding the All-American Canal. The lining project -- a key element of the 2003 California 4.4 Settlement -- is now back on track.

We are working with Mexico to resolve cross-border water issues. In August, I met with Mexican Ambassador Arturo Sarukhan and we issued a Joint U.S. Mexico Statement on Colorado River Cooperation. The Joint Statement reflects both nations’ commitment to identifying solutions to stretch limited supplies of water, especially during this historic drought.

Before I left Washington yesterday, I signed documents that complete all the requirements necessary to put the Arizona Water Settlements Act into full force and effect.

This is yet another historic milestone.
This Act will provide benefits in Arizona and New Mexico and represents the largest Indian Water Rights Settlement in United States history. It is an extraordinary accomplishment that required enormous effort by the state of Arizona, tribes, local water users and the federal government. I applaud all of you who spent years – decades really – making this a reality.

I don’t have to tell you, however, that for all our success in 2007, we must continue to be vigilant. We still have outstanding issues such as the adaptive management of Glen Canyon Dam. No doubt other potentially contentious issues will crop up in the future. We must build on the spirit of partnership that has brought us to this day. To this hour.

We also have to deal with our national water issues. We have a huge information gap. We haven’t done a full inventory of our nations’ water resources for three decades. We have serious questions about our long-term supplies.

Furthermore, as we have seen the High Plains Aquifer and other subsurface water diminish, we have come to realize we don’t fully understand the relationship between the use of surface and subsurface water.

And, of course, there continues to be the elephant in the room: climate change. I am determined not to get ensnared in the politics of this issue. The simple fact is the earth is warming. We have to figure out how this is going to affect our water supplies. We have to come up with an adaptive management approach that will allow us to be good stewards.

So let us celebrate the triumphs of 2007. America is proud to be a world leader in many fields: medicine, agriculture, aerospace, computer technology, and engineering among them.

With this agreement, the seven states of the Colorado Basin declare the United States to be a world leader in the conservation and sustainable management of water.

We have proven that in partnership…in cooperation…we can accomplish great things. May we continue in this spirit as we chart our course for the future and address the challenges that surely lie ahead.

It is my honor to sign the Record of Decision. But since this reflects the hard work of the seven states, I want to first give an opportunity to a representative of each state to come up and sign a memorandum of understanding affirming the historic agreement. Today, you deserve the spotlight. You deserve the applause.