

# 25-04-11 TheBuzz web

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Water regulation, Wilcox basin, Active Management Area, water consumption, new wells, rural water district, infrastructure grant, water conservation, agriculture industry, wine industry, legislative challenges, water rights, economic impact, community investment, water infrastructure.

## SPEAKERS

Tanya Mosely, Zac Ziegler, Rod Keeling, Desiree Gerth, Christopher Conover, Caleb Blaschke, Greg Hancock, Nicole Cox, Michael Dauphinais, Chad Preston

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Michael Dauphinais 00:00

Following is an azpm original production.



Christopher Conover 00:09

Welcome to The Buzz. I'm Christopher Conover. This week an update on water regulation in Willcox. It's been nearly six months since the Arizona Department of Water Resources announced the proposed formation of a water regulation district in the Willcox basin. Voters turned down an active management area in 2023 but persistent water issues led statewide officials to take the unusual step of overriding that decision a year later, the formation of an AMA is a slow process that involves the creation of a board measuring of water consumption by many users, and eventual limits on consumption and the digging of new wells. We headed to Willcox to talk with people in the area about the creation of the AMA. We started our day talking with city manager, Caleb Blaschke, at City Hall, which sits in a former train station along the main rail line.



Caleb Blaschke 01:13

Willcox acts as a hub. We're the only incorporated city in this area. Over 50% of our users at our library are county residents. 50% of our calls from our police officers are usually the county the majority and bulk of our population that we serve is probably county residents. A lot of them are seniors. They're on fixed incomes. A lot of people that have made Willcox in their home are Cochise County residents. So we don't always distinguish our boundaries. With that, one of the big things that we've been focusing on, and we've been talking with the state legislator, and I think Representative Griffin has even drafted some legislation recently, is for rural water district. As a city, we've offered to take the lead in it. We would expand our water lines out into those county areas, and it would allow us to keep the cost low for everyone.

Basically, there would be water lines, and instead of people drilling wells, they would just tap on to the city's water service. And we're hoping to get infrastructure grant funds to help compensate for that, because it's a very costly thing. It's probably \$20 to \$40 million to cover a lot of the areas around here.

**C** Christopher Conover 02:21

When it comes to those wells, right now this is not a regulated area. The state is putting in an AMA, even though, a couple of years ago, voters in the area said, No. How's that process going?

**C** Caleb Blaschke 02:37

Yeah, it's definitely one of those things where you bring it up and there's going to have differences of opinions right away. Honestly, a lot of the residents felt like if they were to go back out for vote, they feel that they would have voted one in the second time around, just because from the first time to the second time, when the governor established it, there was a lot of wells going dry, and a lot of changes in people's perceptions. So I think that residents were just looking for anything, right? Even the AMA. Right now, the AMA doesn't do anything to curtail water that's being taken out of the basin, right? It just stops the bleed. With the AMA right now, residents definitely have differences of opinions there, and so it's difficult for the city sometimes to represent all those residents, because we have a burgeoning wine industry that supplies 75 to 80% of Arizona's grapes. They're looped in with the AMA, even though they use way less water than most other crops, and they're more water conservative, but now they can expand operations, which is a huge part of our economy. Agriculture industry, another huge part of our economy, right? We want agriculture users, especially our mom and our pops and our small farms. They're the fabric of our community. They invest locally. They're our coaches. There are volunteers, so we want them to be protected. And we do value those other industries that are coming in, those those larger farm and corporations, but they don't contribute near what our local farmers and our smaller users do to our community.

**C** Christopher Conover 04:17

It seems like it's, I don't want to say a competition, but a competition between the old Willcox family farms and out of state are in the area, and they have a lot more money.

**C** Caleb Blaschke 04:33

Yeah and that's hard, that's the difficulty, right? You see good businesses now, they invest locally. Look what Freeport has done to Thatcher, Safford, Pima, the mining industry in Arizona is huge, but the mining industry invests locally. Our sales tax in the city, we're about three to three and a half million a year that we get in shared state revenues and sales tax. I'll tell you one of our local ag businesses, they provide roughly like 20 to \$30,000 in sales tax. If they didn't have all the exemptions offered by the state, they would be closer to the \$700,000 mark. People don't even talk about this aspect when you're a local community and agriculture community, but ag, is so tax exempt in the state of Arizona, you don't get a lot of revenue from them, but when you're hauling large, large trailers of hay and other product to the farms,

they're destroying the roads, right, but we're not receiving the revenue to even address those issues. You value stakeholders, and you look at your stakeholders in the community, but you also look at like, how do we provide these services when they don't contribute as much as they think they contribute locally. Who do we value more at any given time, right? And who really builds our economy and our community? Does this major corporation, do they just go to the border every day and pick up their workers and bring them back here, and they're not really investing locally? You look at those kind of things as a city, and who you're representing, and who's really here to make a difference and play a part. I'll tell you right now that we formed a working group with water issues. If we left the state out of it, I think we would have addressed this a long time ago. We formed a great working group. Everyone acknowledged that there was a water problem. How we got to the end result differed a little bit, but there was way more consensus. We even had the dairy that came out and said we would do 20 to 25% cuts, right? Well, then you get groups like the Farm Bureau and these large organized lobbying efforts, and they're like, No, we can't do more than whatever the amount is. Those lobbying groups get in the way and they make any legislation very, very difficult.

**C** Christopher Conover 06:45

It's interesting that you say even the big dairy. Riverview has been painted as the bad guy in all of this, but you said they sat down at the table said, okay, we can do 20, 25% that's that's something we don't hear coming out of the Capitol.

**C** Caleb Blaschke 07:03

It is. It very much is. And you know, Gary Fehr with Riverview dairy, he has done a great job of trying to come to the table and trying to figure some things out, because they want to be here in the long haul. They've talked about setting fields aside at different times. And I'll tell you, one of the things that Riverview does that the small farms can't do is Riverview does a great job of using less water for the same product that other small farms might use. But then on the other side, those other farmers didn't always farm year round, either. Riverview has a technology to do it.

**C** Christopher Conover 07:42

When it comes to all of these water things, they cost money. Willcox is not Phoenix. That's small. You're going to have to get grants. Who writes a grant to Willcox to extend the water lines? How do you do that?

**C** Caleb Blaschke 07:55

That, it's a very good question, because right now we had an \$11 million grant from the state with the EPA, there's two transmission lines going on in each side of Willcox, and those were mitigation dollars, right those are on hold right now, even though we've been awarded because of the current administration and then cutting back funds. Representative Ciscomani has done a great job of getting us funds, even for our hospital, through congressionally direct spending

requests. That was one of the ways we were looking at doing it. Well now they want to do away with congressionally direct spending requests. I don't think our rural communities realize how important those funds are to us, especially when it comes to things like water infrastructure.

**C** Christopher Conover 08:40

All right, Caleb, well, thanks for having us come down to Willcox.

**C** Caleb Blaschke 08:44

Thank you.

**C** Christopher Conover 08:45

That was Willcox city manager, Caleb Blaschke. Our next interview was with Willcox is new mayor Greg Hancock. He appeared last year on our water podcast Tapped talking about his experience as the owner of the Arizona Sunset Inn.

**G** Greg Hancock 09:02

So when I kind of stepped in, the governor had just put an AMA in place, and then you had both sides trying to come up with legislation. And so we've tried to be part of all that to create something so that the city can grow with also our ag and vineyards can have a chance to grow a little bit with some of that legislation.

**C** Christopher Conover 09:22

It always seems like when it comes to legislation and water and so many other issues, the final answer, or a big part of the final answer, is often money. Willcox is not Phoenix. It's not even Douglas, it's small. So how do you as a small city mayor deal with the costs of getting more water to your residents?

**G** Greg Hancock 09:48

That's been something on our mind, and we've gone after some of the grants to make sure our wells are ready to give more water to our residents and just prepare for the water to keep dropping and stuff. And so that's what we've been. We're trying to find some dollars to be able to provide our residents with water long term. We've gotten \$10 million to help rehab our wells and to explore other areas that we might be able to put in some wells that might better serve the community.

**C** Christopher Conover 10:15

So last fall, when you were running and out there shaking hands and kissing babies and doing all the things you have to do to get elected, did you hear a lot from folks you were talking to about water? Is it an issue that they view that you, as mayor, you're responsible for at least dealing with in some way?

G

Greg Hancock 10:35

There's a lot of people that do live in the community that are part of the different ag farms around the area, and so, yeah, it is a big concern for everybody. And I know we've done our research and trying to find what legislation or what avenue is going to be best for us to have water long term and possibly be able to grow.

C

Christopher Conover 10:55

When you're not being mayor. And I know that's a 25 hour a day job at least, but what do you do when you're not mayor?

G

Greg Hancock 11:02

So I've owned a hotel here in Willcox for the last 10 years. So you know, not only is water on my mind for the city, but also for my business and all the many tourists that come in to visit, you know the Chiricahuas and all the wineries in the area. So it weighs heavy on us, because, you know, I've invested a lot into these properties. I'm trying to help revive the downtown with my hotel, and so we want to be able to have water for the hotel long term.

C

Christopher Conover 11:35

If I remember correctly, when you and I were sitting in this room, when the governor was here. There had been some issues with the water pumping, and your hotel was in deep trouble for a day or two because the water pumping problem.

G

Greg Hancock 11:50

Yeah, we had, we had some issues with our well, and it was kind of down to the wire. We had our storage tank that,

C

Christopher Conover 11:57

and this is the city well,

G

Greg Hancock 11:59

yeah, Yeah, cuz I, my hotel runs off of the city, well. But yeah, I came down to the wire. We

were, I think we're getting close to, I think five o'clock. If we couldn't get it up by then, you know, we'd be out of water. And come to find out, we needed to drop our, well, a little bit, and upgrade some of the electrical on it, so we were able to get some money to do that for the city so.

**C** Christopher Conover 12:00

not the hotel, And there it is again. There's the money again. As we listen to the train go by outside. When it comes to water and a city like Willcox, is this the limiting factor to Willcox is future, whether or not there's going to be enough water.

**G** Greg Hancock 12:42

Yeah, I mean, without water, there's nothing we can do. You've got to have water for all your residents. And we hope that the vineyards, we can figure out something for them to continue to to get water and to grow, because they are play a big part in bringing tourism into our town and and also a lot of the Ag people, they you know, they're part of our community. Most of them all, they say they live in Willcox, you know, and so we take pride in all the people around us, and it's a big deal for our community this water, all right.

**C** Christopher Conover 13:14

Well, thanks for spending some time with us.

**G** Greg Hancock 13:15

Well, thank you.

**C** Christopher Conover 13:16

That was Willcox Mayor Greg Hancock. You're listening to The Buzz. After the break, we talked to people involved in a growing Willcox industry. Stay with us.

**T** Tanya Mosely 13:30

This is Tonya Mosley, co host of fresh air. You'll see your favorite actors, directors and comedians on late night TV shows or YouTube. But what you get with fresh air is a deep dive. Spend some quality time with people like Billie Eilish, quest love Ariana Grande, Stephen Colbert and so many more. We ask questions you won't hear asked anywhere else. Listen to the fresh air podcast from NPR and why.

**C** Christopher Conover 13:59

Welcome back to The Buzz. I'm Christopher Conover. We're getting an update on the Willcox active management area this week from people in that area. As we left our interviews at City Hall, we walked down Railroad Avenue to a spot we traveled to for an episode in 2023, the tasting room of Birds and Barrels Vineyard. This time, we weren't there for a sampling, though. We were meeting a trio of grape growers and wine makers who will feel the impact of the AMA. Desiree Gerth, of Strive Vineyards, Chad Preston of Birds and Barrels Vineyards and Rod Keeling of Keeling Schaefer Vineyards. We'll hear first from Desiree Gerth, followed by Chad Preston, then Rod Keeling.

D

Desiree Gerth 14:46

I think it's really created just a lot of trepidation about our industry in general, especially for the newcomers they're trying to break into the scene. A lot of people have invested huge amounts of money, some of them their life savings, even if they're not in the industry, to move to this area and try and start farming, put in deepening wells, existing wells that now they're gonna be told your land is basically worthless.

C

Chad Preston 15:10

I completely concur with Desi, where a lot of us have basically taken our life savings, and it's not just the money, it's all the labor that's involved, and then we're frustrated with unfortunately, the governor that we voted down this AMA, and then she came through and enacted it. We all conserve resources, because wasting resources costs money, and no good farmer is going to do that. We all know that something needs to be done to conserve the water, but when we're not necessarily part of the problem, but we're penalized. It's very frustrating to us.

R

Rod Keeling 15:45

Yeah, that's, that's, those are great points. You know, one of the problems with the AMA is it, it really doesn't fix the problem. Problem is we are at about a five to one overdraft, and have been for, you know, 30 years or so, maybe not that long, but about 20 years. And the AMA really only does one thing, and that is it stops the expansion of agriculture, irrigated agriculture over time, even the department's paperwork shows that their full conservation efforts, it will only reduce the volume in the water that's being used today by less than 1/10 of 1% per year. You know, it doesn't take a genius to figure out that that's just not enough, because we can't sustain the three to one overdraft, and we need a better solution to this problem.

C

Christopher Conover 16:28

Rod, you've been growing grapes here for a long time. You come from an agricultural family from here in Arizona. We just talked with the city manager, and one of the things he was saying is, if everybody who lives here and farms here and has a stake in the water sat down. He's confident this could get worked out. What do you think about that idea?

R

Rod Keeling 16:50

You know, he's right. But I will say that I was on a committee in 2015 when the ADWR came down. Even Director Buschatzke came down and worked with us for a plan for about 18 months, and we came up with a plan, and we took it to the legislature, and they wouldn't even open a file on it. It's funny, because that solution is very similar to one of the bills in the legislature right now. You know, there's got to be some accommodation for a basin like the Willcox basin to be different than those places like Phoenix and Pinal County that are getting huge amounts of surface water from the Colorado River, the Salt River and other sources. And so we really aren't the same and so to use the same law to try to solve a problem we have is just not going to work in the long term.

C

Christopher Conover 17:35

This area, especially the Willcox area, becoming more and more known for wine. Most of the grapes are grown here. What does an AMA do for the future of this industry?

D

Desiree Gerth 17:50

For right now, I think it puts kind of a question mark and maybe a pause on what our industry is able to do. With 80% of Arizona's wine grapes coming out of the Willcox AVA, it's really important before anyone else is able to expand onto their vineyard with kind of the fear that those vines may end up getting ripped out later on, like we've seen happen to some of our neighbors. And then anyone looking to do more wine, purchase grapes from this area, even the tourism aspect, to come down and visit, we're not going to be able to continue growing in the manner that we have been. If there's this sort of hold on the situation.

C

Chad Preston 18:28

I'm cautiously optimistic. I think when everybody looks at the numbers, what drives the tourism industry, what brings in revenue, and they see what wine does for the area, and not just this area, but all throughout the state, they're going to look at it and say, Hey, we cannot be painting with this broad brush.

C

Christopher Conover 18:48

Chad, are you confident, kind of, based on what you just said, that the legislature, ADWR, will listen to what you all are saying before there are economic problems, or do we have to wait for a crisis?

C

Chad Preston 19:04

I think once the information is in front of them, if you don't wait too long, and that's where things have to get rolling pretty quickly, because just like what Desiree said, there's people that have bought land, they have infrastructure, and all of a sudden, boop, they cannot plant



grapes. And farming, we're always a year in arrears. The vines, if we're planting this year, it's going to be at least two years before we get harvest. If they're red grapes, we're talking about four years before we can release a vintage. So it's got to go fairly quickly. That way it won't stifle growth. If it's a everybody hold up and pump the brakes for a little bit. I don't think that'll hurt the industry, but it can't be an ongoing multi year thing, or people are just gonna get frustrated, and I think we're gonna see a retraction in the growth of the wine industry in Arizona.

**C** Christopher Conover 19:52

Let me just for our listeners so they understand when we talk about agriculture, especially in this area. Everybody thinks about Riverview Dairy and how much water dairies use. Vineyards are a very different story, but you all are still going to get affected. I don't know rod if you want to get in on that.

**R** Rod Keeling 20:12

The ironic situation is, is that really the best solution to the overdraft, or the, you know, the reduction of the aquifer in the Willcox basin is to come up with new crops that don't use as much water. Vineyards are right at the top of that. And not only that, they are the most valuable crop in the world, a legal crop that is. Almost everywhere wine grapes have been proven to be successful and make great wine has been dominated by the wine industry over a period of time. You talk about Northern California, you talk about Mendoza and Argentina, those were agricultural areas for other crops before they became vineyard sites. Even in France, of course, you got to go back several hundred years, or maybe more. But the point I'm trying to get to is we will use so much less water. We have about 50,000 acres of irrigated farmland in this basin right now, if all 50,000 were vineyards, we wouldn't have an overdraft. That's the argument that we need to make as an industry, to say, Look, you create a regulation that cannot solve the problem, whereas economics can drive as we transition into a more viticultural economy, we can drive the solution because we're going to use a lot less water, and we can take up every acre that's being currently irrigated, and we'd solve the problem.

**D** Desiree Gerth 21:26

I hope the legislators would take a look at that, especially when we put the numbers out in front of them. We know that our industry has grown almost 500% over the last 10 years and brings in about \$94 million in tax revenue every year, that's huge. I would hate to see that growth stop because of these laws.

**C** Christopher Conover 21:45

You all have mentioned or nibbled on the edge of the legislature. Desiree, you just said, I hope the legislature listens. Chad, you mentioned, or maybe it was you, Rod, that there was a plan that was developed by locals, and the legislature, years ago, wouldn't even look at it. How hopeful are you that the legislature will listen?

R

Rod Keeling 22:14

You know, it's kind of like the the 2006 wine bill that I was involved with, and I was president of the Arizona Wine Growers Association at the time, and I was, I was working in Tempe, so I was available to go down to the legislature and lobby for us. You know, we thought that was an existential threat to us. The grand home decision, you know, the governor of Michigan, they lost their lawsuit. The Supreme Court decided that all these special rules for wineries in their own state had to apply to every state. That created a situation where the distributors wanted to close this down, and that would have been really damaging. There was only seven or eight wineries at the time, and we were able to basically pass a bill that solved the problem, saved the day. I would argue that this water issue is even more existential, does the legislature listen? Yeah, they do. But now we're in the kind of the big ag team, you know, and we're not prominent anymore. We're not the little guy fighting for our lives. We're in a group that's trying to change the law, and so they're not as motivated to save us.

C

Christopher Conover 23:17

Willcox is not Phoenix or Tucson. It's a small area. Are you all going to have to go out and hire your own lobbyists to get noticed up there? Just Willcox as a whole even?

R

Rod Keeling 23:28

Well, we have a lobbyist now. We basically have an organization, local organization, Willcox wine country, that is actually a marketing group. That's our role. We've kind of deferred the policy rule to the Arizona Wine Growers Association. They have a lobbyist, and they've been working on on this as well, and they contact us often and ask us, what you know, what do you think, and what should we do? And there's a lot of interaction, but we just don't have the resources, per se, that it's going to take to really have a lot of power in the legislature.

Z

Zac Ziegler 24:00

I got a question to throw to you guys.

C

Christopher Conover 24:01

That's the buzz. Producer, Zac Ziegler,

Z

Zac Ziegler 24:04

one thing that gets talked about when amas are getting established is, you know, okay, everyone's going to be setting their amount. They're going to be the next was it three or five years where you start measuring, and they talk about, oh, everyone's just going to up their

usage, and people just have water running down the street. Are you seeing anything like that from anyone? Or is everyone still acting pretty normal as these numbers are starting to actually get measured?

**D** Desiree Gerth 24:34

The first part of the AMA was the enacting of them, regulating you installing a flow meter to do exactly what you're saying, be able to check how much everyone is pumping. And that even had some people a little nervous and scared and freaking out about how to come up with the amount of money. Each one of those meters cost between 1500 and, I believe \$8,000 I don't think any farmer in their right mind is using extra water. Than what they actually need. I've never actually heard of that before. It's too expensive.

**C** Chad Preston 25:06

You know, it's funny, the electricity to pull the water out of the ground. I mean, we're the biggest water conservationists out there, I think, because it's like, holy cow. And not only that, viticulturally, if we put too much water on the crop, we have too much vigor, and then we have to, you know, pay for labor to go and and hedge and cut it off. Yeah. So definitely not

**D** Desiree Gerth 25:23

It's more the opposite effect, I would think, like people are trying to get creative, Chad is experimenting with deep root irrigation, where they're actually watering instead of just dripping from the top. You're watering at the root system. It's more like how to conserve better.

**R** Rod Keeling 25:37

Most of the other farmers in the area have been pretty efficient. In fact, we're actually using they did the study for 2023 the ADWR, and in 2023 we used about four or 5% less water was withdrawn from the basin than in 2005. And so the question is, is, who was here in 2005 you know, Riverview was not. And so Riverview is and I'm not a big fan, either, but the issue is that they are very sophisticated. They have the highest technology that exists in the world, and they have reduced the amount of water per acre. They've added more acres, but they even know that it's not sustainable over a very long period of time, even if they award the water rights that they will be entitled to. The problem is, is that, you know, essentially it becomes a property, right? Here's the here's the big nobody talks about, about the AMA, is that, yes, they stop the growth of expansion, but once they award those water rights, those are in perpetuity. And right now, they're not adjudicated water rights. They are general rights. We are using the Arizona's water for a beneficial use. But once this AMA is in place, and they award these rights, I got about what 14 months left to identify what the rights are. And once those rights are set, they become a property right, and they belong to the land and the owner.

**C** Christopher Conover 26:57

Well, let me ask this then. You decide. You decide this long enough you decide to call your

well, let me ask this then. You decide I've done this long enough you decide to sell your property, somebody comes in and buys it, they obviously get the water rights. What if it's a water bottling company? Do they still have those water rights under the AMA?

R

Rod Keeling 27:16

Well, the rules are different from irrigation and industrial use, like the generating station over here, the electric generation station. And like subdivisions, they all have a set, a subset of rules. So we're talking strictly about just the irrigating farm. But ultimately, you know, there is a better solution needs to be pursued. Hopefully we get something out of the legislature this year. Hopefully it's more flexible, because the AMA has never been flexible. They've never really made any major changes to it for 45 years. And if we get into that situation, we'll be out of water by then in this basin, there won't be any left that you can pump out reasonably.

C

Christopher Conover 27:49

All right. Well, thanks for joining us here. Chad, thanks for hosting us at Birds and Barrels, and thanks to Desiree and Rod for coming in here and chatting with us.

R

Rod Keeling 27:59

Thank you. Guys, thanks for coming.

C

Christopher Conover 28:02

Those were Willcox area vintners, Desiree Gerth, Chad Preston and Rod Keeling. Throughout this episode, you heard mention of State Representative Gail Griffin. We reached out to Griffin for an interview multiple times. We did not receive a response. And that's The Buzz for this week. You can find all our episodes online at [azpm.org](http://azpm.org) and subscribe to our show wherever you get your podcast, just search for The Buzz Arizona. We're also on the NPR app. Zac Ziegler is our producer, with production help from Maggie Farmer, Our music is by Enter the Haggis. I'm Christopher Conover. Thanks for listening.

N

Nicole Cox 28:57

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