



2024 ANNUAL REPORT

Ensuring a habitable, thriving, and resilient Arizona, today and into the future.

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MESSAGE FROM THE DIRECTOR

I am proud to share the first Governor's Office of Resiliency's Year in Review, which showcases the policies and programs the Office of Resiliency (OOR) has developed and implemented in its first full year of existence.

OOR was established at a pivotal time for Arizona. By 2023, all parts of Arizona were experiencing increasing temperatures year after year; electricity load growth was increasing, wildfires were no longer seasonal, and rural water users were experiencing impacts from our multi-decade drought. At the same time, an overwhelming majority of voters supported action to protect our air and water, and to act to prevent the worst impacts of climate change. And, in 2021 and 2022, Congress passed the Bipartisan Infrastructure Law and the Inflation Reduction Act, respectively, providing historic levels of federal investment opportunities in clean energy, working lands, transportation, and water.

As a division of the Governor's Office, our mission is to support Governor Hobbs' vision for an Arizona for Everyone, and to ensure Arizona is a leader in providing a habitable environment for all Arizonans, today and in the future. To achieve that vision, we advise on legislation and lead state agencies within our portfolio on responsible stewardship of our natural resources. As the state energy office, we build energy security capacity; support grid reliability and grid resilience; develop and implement distributed energy resource programs for low- and moderateincome households; and create resources, like the Arizona Clean Energy Hub, to help Arizona households and businesses save money on electricity. To improve statewide resilience efforts, we develop and grow strong partnerships and develop new resources with other government entities, community-based organizations, businesses, research institutions, economic development organizations, and communities in every part of the state.

Since my first day on the job as the initial member of the Governor's Office of Resiliency in early February 2023, I've focused on building solid foundations for OOR to serve Arizonans over the long term: hiring staff with policy and program expertise, and a call to public service; securing multi-year funding to implement priorities; and establishing partnerships and creating resources to support and protect the quality of life of all Arizonans well into our shared future. As we enter 2025, the OOR team looks forward to building upon this foundation, tackling the uncertainties and challenges ahead, and continuing to work to improve the futures of all Arizonans on behalf of Governor Hobbs.

MAREN MAHONEY

DIRECTOR, GOVERNOR'S OFFICE OF RESILIENCY



ABOUT THE GOVERNOR'S OFFICE OF RESILIENCY



FOCUS AREAS

- ➤ Climate Adaptation & Mitigation
- > Clean Energy Economy
- ➤ Water Supply Protection
- ➤ Healthy Forests & Land
- Access to Recreation
- ➤ Transportation & Infrastructure Investment

OUR MISSION

The Governor's Office of Resiliency is committed to creating a sustainable and thriving Arizona today and for future generations by advancing the economic and quality of life outcomes for all Arizonans; advocating for vulnerable populations; and implementing responsible, visionary, and equitable environmental policies and programs.

\$272M+

In federal funding secured

\$88M+

Expected in 2025

OUR TEAM



Maren Mahoney Director



Blaise Caudill Deputy Director, **Energy Policy** Advisor



Patrick Adams Senior Advisor for Water Policy



Julie Cruz Transportation Policy Advisor



Will Greene Land Use Policy Advisor



Gabriel Sanchez Muñoz **Energy Grants** Program Manager



Ken Owens, Jr. **Energy Rebate** Program Manager



Jason O'Leary, Ph.D. Project Manager



Adrianna Amato Communications Specialist



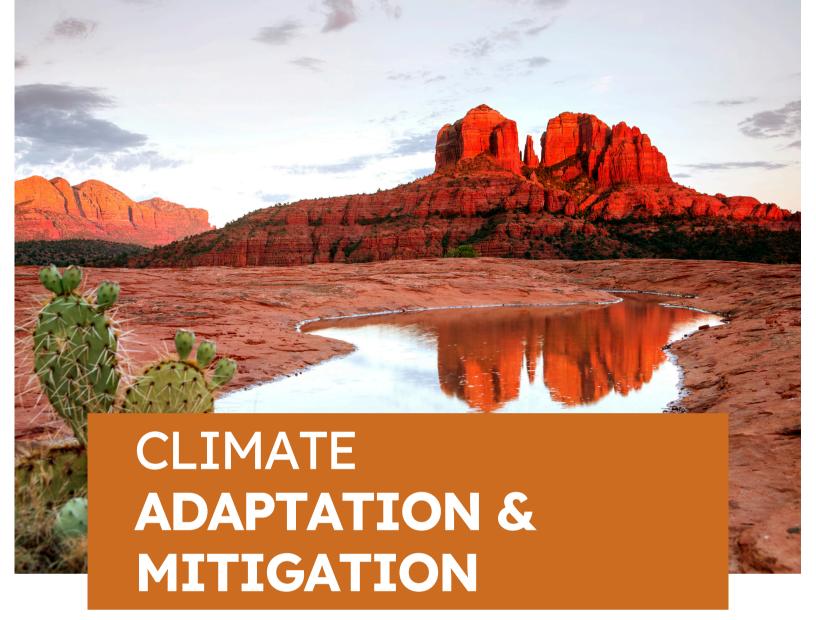
Sheril Steinberg Community Outreach Coordinator



Andrew Jones, Ph.D. **Energy Innovator** Fellow



Ann D'Amico **Executive Assistant**

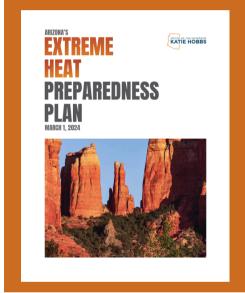


As Arizona's climate continues to get hotter and drier, the Governor's Office of Resiliency (OOR) is leveraging more than \$272 million in awarded federal funding. This funding supported the state's first Extreme Heat Preparedness Plan, created a state greenhouse gas emissions inventory, and developed a priority climate action plan. In the coming years, it will also lower costs for low- and moderateincome Arizonans, improve Arizona's electric grid, and support state energy security emergency response planning.

OFFICE OF RESILIENCY RELEASES FIRST-EVER EXTREME **HEAT PREPAREDNESS PLAN**

Until 2024, the summer of 2023 was the hottest Arizona summer on record. Heat-caused and heat-related deaths reached 990 throughout the state. Emergency rooms statewide recorded more than 4,000 heat-related visits, and cooling centers, which provide air-conditioned shelter, recorded more than 26,000 visits. In response to the extreme heat impact and calls to action to help those vulnerable to the heat. Governor Hobbs issued Executive Order 2023-16, which empowered OOR Director Mahoney to lead specific state agencies and other partners to review resources and needs, and create a plan to prepare Arizona for future extreme heat events and reduce the number of heat-related deaths and emergency room visits.





A FIRST-OF-ITS-KIND PLAN

In March 2024, OOR released the first-ever Arizona Extreme Heat Preparedness Plan, establishing Arizona as a national leader in heat disaster preparedness and response. With this plan, Governor Hobbs created the nation's first state Chief Heat Officer to coordinate its implementation, and kicked off a number of other heat-focused initiatives, including advocating for Arizona's fair share of federal Low Income Home

Energy Assistance Program funding Congressional delegation and protecting workers through the state emphasis program. Long-term recommendations outlined in the plan include:

- > Developing safe, affordable housing.
- > Adapting and updating emergency response.
- > Making Cooling Center Network improvements.
- > Using data sets, knowledge, and workforce development.

<u>View the Extreme Heat Preparedness Plan >></u>

RESULTS FROM THE 2024 HEAT SEASON

Preliminary data from the City of Tucson and Maricopa County indicates that heat-caused and heat-related deaths may have decreased for the first year since data was collected in 2012. This is despite the record-breaking streak of over 110degree days, well beyond last year's record-breaking heat season. The Extreme Heat Preparedness Plan may have played a big part by identifying key gaps in shared understanding, data, and services to vulnerable populations across state agencies and jurisdictions throughout Arizona. The Plan was developed with support from the ASU Knowledge Exchange for Resilience and created a greater shared understanding of the threat and response protocols. As a result, state agencies and the broader heat relief ecosystem began to more effectively and proactively deploy necessary. coordinated interventions during extreme heat events.



"I'm proud to lead this effort across state agencies and in partnership with various sectors to protect everyday Arizonans and ensure we have the tools we need. Together, I know we can tackle the challenges ahead of us and build a thriving state."

Director Maren Mahoney, **Governor's Office of Resiliency**

In advance of the 2024 heat season, the Hobbs Administration deployed 18 solar-powered mobile cooling units and provided over \$1 million in grants for extreme weather shelters in locations around the state. The rapid appointment of the state's first Chief Heat Officer after the publication of the Heat Plan resulted in new, statewide working groups of crosssector and multi-jurisdictional entities throughout the heat season, and ensured continuous communications regarding heat risk using the newly developed heat tier system. A new state-level heat relief coordinator position was also created as a result of the Heat Plan, and the coordinator supported heat relief stations and resources throughout Arizona throughout our record-breaking season.

RECORD-BREAKING HEAT WAVE

113

Days of consecutive triple-digit highs

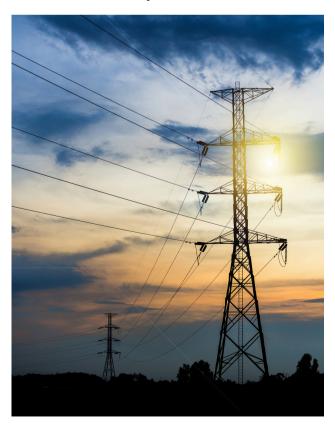
Days in total with temperatures above 110 degrees

Straight days tied or record-breaking high temperatures from September to October

INVESTING IN ARIZONA CLIMATE ACTION THROUGH GRANT FUNDING

Through funds from the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA), the federal government created a once-in-a-generation opportunity to invest in Arizona's infrastructure. OOR took full advantage of this opportunity and successfully applied for over \$350 million in federal funding, with \$272 million awarded by the end of 2024. Funding will support investments in clean energy, energy infrastructure, and financial support for Arizona households completing energy efficiency upgrades to their homes.

In 2023, OOR received \$3 million from the U.S. Environmental Protection Agency (EPA) Climate Pollution Reduction Grants (CPRG) program to develop a state greenhouse gas (GHG) inventory and develop plans to reduce GHG gasses and harmful air pollution. This year, in partnership with Arizona State University and Northern Arizona



Projections show that by 2035, IRA clean energy investments in Arizona will:

- > Decrease average household energy costs by approximately \$360 per year.
- > Increase GDP to \$4.05 billion.
- > Create more than 24,400 manufacturing and construction jobs.

Source: Energy Innovation

University, OOR finalized the state's GHG inventory and Priority Climate Action Plan (PCAP), the most comprehensive plan to address air quality and GHG emissions since 2006. The PCAP also allowed OOR to apply for federal funding opportunities to support air quality improvement and GHG reduction measures throughout our state. In 2024, OOR began the development of the state's Comprehensive Climate Action Plan (CCAP), which aims to establish near and long-term GHG emissions reduction goals to achieve net zero by 2050, and create a strong clean energy economy and workforce. So far, the CCAP process has engaged more than 50 experts across six different sector-specific work groups and produced more than 80 GHG reduction measures. Additionally, OOR will form an advisory board to provide final review of the measures and plan. The CCAP will be completed and delivered to the EPA by December 2025.

TRANSFORMING GRID **INFRASTRUCTURE**

In 2024, OOR accepted applications to award approximately \$20 million in grid resilience grants to state utilities and grid operators for projects that invest electrical undergrounding, wire microgrid infrastructure, pole hardening, grid hardening projects, and advanced control sensors for advanced reliability. Proposed projects will prioritize benefits for lowincome, disadvantaged, or historically underserved communities. Awardees will be announced in 2025.

SUPPORTING LOCAL EFFICIENCY PROJECTS

OOR was awarded \$1.6 million in 2024 from the U.S. Department of Energy (DOE) Energy Efficiency and Conservation Block Grant (EECBG) program. Part of these funds will be used to fund energy efficiency and conservation projects in state-operated facilities. Additionally, OOR is awarding \$1.2 million to local governments to assist with the implementation of programs and strategies to reduce carbon emissions. improve energy efficiency, and reduce total energy consumption. OOR will announce the awarded projects in early 2025, with projects expected to begin soon after.

PARTNERING TO LEVERAGE RESILIENCE **FUNDING OPPORTUNITIES**

Over the last two years, OOR worked to support low-income, rural, tribal, and historically underserved cities, towns, tribes and/or community-based organizations in Arizona in applying for federal grant opportunities. To that end, OOR secured a \$75,000 grant to support Local First Arizona's Arizona Economic Resource Center, which provided technical assistance that won over \$45 million in federal funding for projects related to solar infrastructure, broadband, and grid development, among other things.

FELLOW SUPPORT TO ADVANCE **ENERGY SECURITY**

OOR is honored to host a DOE Energy Innovator Fellow, Dr. Andrew Jones. This DOE program recruits recent college graduates and energy professionals to spend up to two years implementing host organizations' projects.



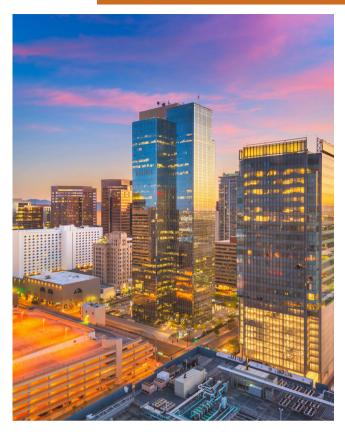
Andrew is deeply committed to advancing energy security and equitable solutions to climate and energy challenges. For OOR, he is supporting the planning and completion of projects that advance the reliability and resilience of the energy system throughout the state while maximizing project benefits for low-income, disadvantaged, and historically underserved communities. In 2024, Andrew worked on an OOR initiative to identify priority locations in Arizona for grid resilience and energy justice efforts, and is assisting with the implementation of Arizona's Grid Resilience program, which provides grant funding to projects that improve the resilience of Arizona's electric grid. Andrew holds a Doctorate in Civil and Environmental Engineering from Carnegie Mellon University; an MS in Engineering and Public Policy, an MS in Energy Science, Technology, and Policy from Carnegie Mellon University; and a BS in Biological Engineering from the University of Florida.

DR. ANDREW JONES Energy Innovator Fellow

Focus: Advancing the reliability and resilience of Arizona's energy system.

SECURING ARIZONA'S ENERGY SYSTEMS

From 2023-2024, OOR developed and updated the State of Arizona's Energy Security Plan, outlining the energy profile of the state, identifying potential risks to the energy system, and offering tools and best practices to help mitigate and address those risks. Moreover, the state plan creates a framework for a coordinated planning process between agencies and other critical entities at levels that had not happened previously. OOR coordinated with the Arizona Department of Emergency and Military Affairs (DEMA), the Arizona Department of Homeland Security, utilities, fuel providers, and other stakeholders to deliver on this first-of-its-kind plan. In approving the 2024 plan, the DOE found that all six critical elements of the State Energy Security Plan were satisfied. In 2025, OOR will build on this

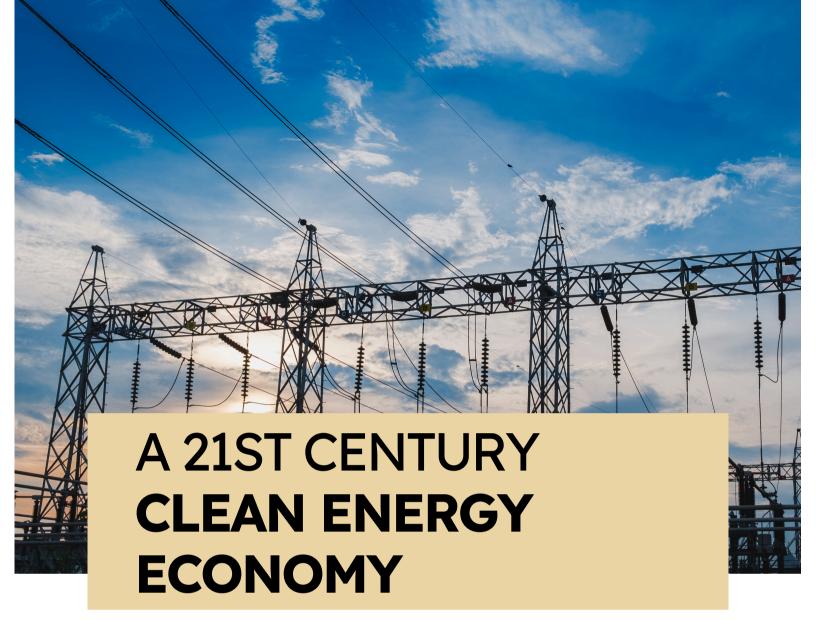


success by creating an updated energy security plan plus an energy resilience plan that is informed by key stakeholders at all levels of government and in the private and nonprofit sectors throughout our state.

SERVING AS ENERGY COORDINATOR IN EMERGENCIES

Under the leadership of the DEMA, OOR acts as the energy coordinator in times of emergency. This includes responding to urgent situations to coordinate and support the restoration and re-establishment of damaged energy systems and components. The office serves as the primary hub for state-level communication and coordination with key energy stakeholders.

For example, in 2023, when Hurricane Hilary threatened California and was projected to have system impacts in Arizona, including potential threats to gasoline supply, OOR participated in coordination activities with other state emergency coordinators to prepare to respond to any potential threat. Additionally, in this role, OOR participates in regular calls to respond to potential threats caused by wildfires in Arizona.



In the two years since the Inflation Reduction Act (IRA) was signed, Arizona has added 18,703 clean energy jobs and \$18 billion in clean technology and infrastructure investments. With funding from the IRA, Governor Hobbs and OOR are implementing programs that support workforce development programs, stimulate private sector investments that create clean energy jobs, and decrease household energy burden, saving residents money on their utility bills.

LOWERING **ENERGY COSTS FOR ARIZONANS**





As part of Governor Hobbs' focus on delivering solutions for working-class Arizonans facing high energy bills, OOR launched the Efficiency Arizona program in 2024. This statewide program invests an unprecedented \$153 million in energy efficiency rebates for eligible households completing energy efficiency upgrades in their homes, while also promoting clean energy and saving residents money on their utility bills.

Efficiency Arizona is supported by two grants funded by DOE. The grant programs aim to assist low- and moderate-income Arizonans in making their homes more comfortable and energy efficient by purchasing and installing Energy Starcertified appliances and products such as highly efficient heat pumps and heat pump water heaters, air sealing, and improving home insulation. Actual rebate amounts are based on income and efficiency performance. In 2024, OOR diligently worked to design and develop the program to meet federal guidelines and deliver results that meet the unique needs of Arizonans. Efficiency Arizona's initial pilot program launched in August and will continue to develop in phases through 2025.

"Efficiency Arizona will not only provide financial relief households through substantial rebates but also contribute to our state's broader goals of environmental sustainability resilience."

Director Maren Mahoney, Governor's Office of Resiliency

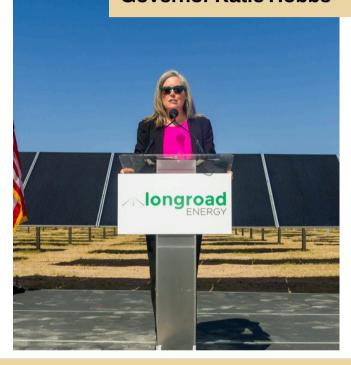
EXPANDING ACCESS TO SOLAR POWER

In 2024, the EPA awarded OOR \$156 million from its Solar for All grant program to improve access to rooftop and neighborhood-scale solar generation for all Arizonans. The three Solar for All Arizonans programs will deploy just over 61 megawatts (MW) of new solar resources throughout the state, tripling distributed solar and providing over \$164 million in bill savings to low-income families, renters, and rural and Tribal communities. OOR will partner with electric utilities to deploy neighborhood-scale solar and provide utility bill credits for thousands of Arizonans renting in multi-family housing. Additionally, over 300 rural households will benefit from solar plus battery systems for their homes, protecting them from electricity service disruption.

This year, OOR conducted numerous meetings, community engagements, and feedback sessions with primary stakeholders in order to satisfy EPA program requirements. The office successfully completed grant negotiations, as well as developed, finalized, and received EPA approval of the strategic plan, including design and development, for the first year of the Solar for All Arizonans program.

"Solar for All Arizonans will open new opportunities for homegrown our industry, and create goodpaying jobs in communities all across the state."

Governor Katie Hobbs



CONNECTING ARIZONANS WITH ENERGY FINANCIAL INCENTIVES

In collaboration with the nonprofit RMI, OOR developed the Arizona Clean Energy Hub, an online tool for Arizonans to see the latest energy financial incentives available for households, businesses, schools, local governments, nonprofits, and other organizations. Using the Clean Energy Hub:

- > Households can use Rewiring America's Arizona home energy incentive calculator to find out how they can save money on home energy efficiency upgrades, fund weatherization improvements, and electrify their home or car. The calculator links to tax credits, incentives, and rebates available across the state.
- > Businesses can see how they can make their business more competitive, save money on energy bills, scale up their operations, and reduce their environmental footprint.
- > Tax-exempt organizations can see what funding opportunities are available to them and help cut costs and reduce pollution.

See the Arizona Clean Energy Hub: resilient.az.gov/clean-energy-hub >>

BOOSTING A CLEAN ENERGY WORKFORCE

As of 2024, there are 65,524 Arizonans employed in clean energy jobs, according to DOE. Projections from the National Renewable Energy Laboratory suggest that between 2020 and 2030, employment opportunities in Arizona will double across clean energy sectors. OOR is committed to growing Arizona's clean energy economy, including through workforce development initiatives and goals. At least 1% of OOR's \$272 million in federal grant funding will go toward workforce development initiatives. By the end of 2024, OOR successfully applied for \$13.25 million solely to support clean energy workforce development programs.

As a member of the newly established Governor's Workforce Cabinet, OOR chairs the Clean Energy Jobs working group, which includes representatives from industry, labor, career and technical education, higher education, philanthropy, and community partners. This working group will ramp up in 2025.

As a member of the Climate Alliance, OOR has committed to working towards a collective 1 million apprenticeships in climate-ready careers by 2035. As part of the Climate Ready Workforce Initiative, Arizona and Vermont lead the Resilient Communities and Lands cohort, which will focus on careers in the development and maintenance of safe, livable, and resilient communities.

Additionally, OOR partnered with the Arizona Office of Economic Opportunity (OEO) to contribute to Governor Hobbs' goal to double apprenticeships in Arizona by 2026. In September 2024, in partnership with OOR, OEO was awarded a \$685,200 grant to identify emerging green industries, evaluate regional job opportunities, and address workforce gaps to guide targeted workforce development investments.

65,524 CLEAN ENERGY JOBS IN ARIZONA

Clean energy refers to industry-supporting electric vehicle manufacturing and deployment, battery and energy storage technologies, solar, hydrogen, wind, and other renewable energy technologies.

FIGHTING HIGHER FUEL COSTS

In 2024, OOR continued to collaborate and work with industry partners, community and regional stakeholders, the Arizona Department of Environmental Quality, and the Arizona Department of Agriculture's Weights and Measures Services Division to identify long-term solutions that address transportation fuel affordability.

Additionally, in a bipartisan and joint effort to address regional fuel supply concerns, Governor Hobbs coauthored a letter with Nevada Governor Joe Lombardo to California Governor Gavin Newsom, noting concerns about unintended consequences of California's then-pending SB 950 on the gasoline markets in both states. OOR continues to meet regularly with the California Energy Commission and Nevada State Energy Office to ensure California's plans to mitigate fuel price spikes also result in greater protections for Arizona consumers.

MODERNIZING STATE-OWNED **BUILDINGS**

OOR manages the funding received from the DOE's State Energy Program (SEP), which was created by Congress in the 1970s and provides funding and technical assistance to all 50 U.S. states, five territories and the District of Columbia. This program emphasizes the state's role as the decision-maker and administrator for program activities tailored to their unique resources, delivery capacity, and energy goals. Highlights of stateowned building projects in 2024 funded by SEP include:

- > Electric Vehicle Charging Stations Installation: Installed three charging stations in Tucson at a state facility, and installed two charging stations in Phoenix at a state facility to expand the charging infrastructure for state employees and the public.
- > HVAC Replacements: Worked with ADOA to replace six outdated HVAC systems with new, energy-efficient models that use significantly less energy.
- ➤ LED Conversions: Worked with ADOA to convert lighting systems in two Phoenix buildings, which will use 90% less energy and last 25% longer.





Charging stations



HVAC systems



Lighting system upgrades

SECURING CLEAN ENERGY FOR **RURAL ARIZONA**

Governor Hobbs is engaged in connecting with local and federal partners to get funding for investments in energy infrastructure around Arizona. In 2024, OOR continued to work with the Arizona Power Authority (APA), which serves an important role in providing hydroelectric energy generated at Hoover Dam to public power authorities throughout the state. In January 2024, APA unanimous eight-year received а continuation recommendation in a joint meeting of the legislative Natural Resources, Energy, and Water committees. This ensures APA can continue to secure carbon-free hydroenergy for rural cooperatives in Arizona.

Additionally, OOR connected Arizona's not-for-profit rural cooperatives and public power utilities with funding opportunities, helping them receive more than \$540 million in federal funding. In July, the U.S. Department of Agriculture awarded Sierra Southwest Cooperative Services in Benson \$55.2 million in federal funding under the Powering Affordable Clean Energy program to



"The ERA New Program once-in-a-generation created opportunity, enabling AEPCO and its cooperative and public power members to make large investments renewable energy projects sacrificing without reliability affordability of power."

Patrick Ledger, CEO of AEPCO

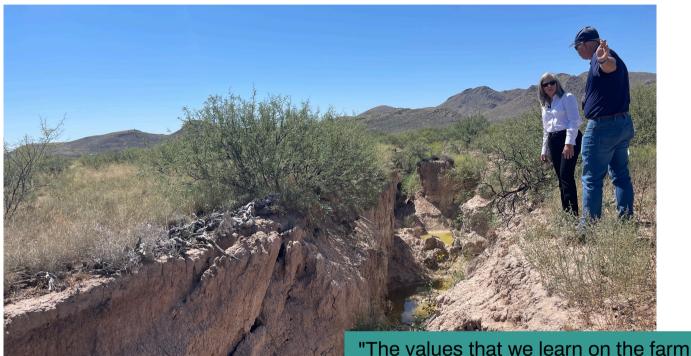
help fund the development of new utility scale battery energy storage systems. Arizona Electric Power Cooperative, Inc. (AEPCO) in Benson was awarded \$485 million in New Empowering Rural America (New ERA) grants and low-interest loan funding to support large renewable energy investments in rural Arizona, including 730 MW of solar, 2,910-MW hours of battery energy storage, and 70 MW of wind. The New ERA program provides Treasury rate loans and grant dollars to support electric investments in rural America. These projects will help AEPCO diversify and modernize its power resource portfolio, resulting in a 70% reduction in greenhouse gas emissions.

APA and OOR are also working with key stakeholders to find solutions for the San Carlos Irrigation Project (SCIP), which is owned and operated by the Bureau of Indian Affairs. SCIP aims to provide reliable electric power at the lowest practicable cost, consistent with sound business principles.



Governor Hobbs is fulfilling her promise to ensure all Arizonans have access to safe, clean water, a key natural resource to the state's thriving economy and way of life. While some of Arizona's policymakers have ignored serious water challenges for decades, Governor Hobbs is taking action no one has previously taken to protect all Arizonans and defend our water supplies for many generations to come. In the last year, the Hobbs Administration has secured water rights for four tribal nations, supported the historic creation of a new groundwater protection Active Management Area, developed a new plan to stabilize the Colorado River, and implemented a groundbreaking urban water policy. Through the Governor's extensive water agenda, Arizona is making momentous strides to a more resilient and secure water future.

INSTITUTING HISTORIC GROUNDWATER PROTECTIONS



The current water crisis has left many property owners and families in southeastern Arizona wondering if their properties have any value and if they will have anything to pass on to their children. Following through on Governor Hobbs' promise to protect rural Arizona's water future, the Arizona Department of Water Resources (ADWR) created Willcox the Groundwater Basin Active Management Area (AMA) in December 2024. This is the first AMA ever designated through administrative action in the State of Arizona, coming on the eve of 2025, which was the final milestone included in Arizona's landmark 1980 Groundwater Management Act.

Creating an AMA at the Willcox Basin is a long overdue measure that protects water for rural communities that have pleaded for groundwater protection for years. Many homeowners and small businesses in Cochise County have been severely impacted by their wells

around water and irrigation are who we are today. We were taught honesty. We were taught integrity. I don't want to lose that and I want it available for other small farms, not just large corporate farms."

Ed Curry, Owner of Curry Farms

via More Perfect Union

drying up, while earth fissures have split roads and damaged infrastructure and pipelines. The AMA will protect over 8,100 people and the local economies that rely on the Willcox Basin, allowing existing water users to continue water use and putting in place conservation requirements to help protect the aguifer. It will also protect Arizona families, farmers, businesses, and private property owners from additional large, out-of-state corporations locating to the Willcox Basin to exploit groundwater supplies.

TWO HISTORIC TRIBAL WATER RIGHTS SETTLEMENTS SIGNED

In November 2024, Governor Hobbs signed two historic water rights settlement agreements, impacting dozens of parties to the agreements and tens of thousands of Arizonans. One of the signings marked the largest tribal water settlement in U.S. history.

The signing of the Northeastern Arizona and Yavapai-Apache tribal settlements marks a critical milestone along the path to ensure reliable and sustainable water supplies to the Navajo Nation, Hopi Tribe, the San Juan Southern Paiute Tribe, and Yavapai Apache Nation. For decades, generations of tribal members have fought to secure water supplies for their homelands and put an end to years of litigation. Through the extraordinary efforts of the tribes, northern Arizona communities, and the State, a resolution has been reached and an agreement brokered, providing water reliability for tribal and non-tribal parties alike.

The Northeastern Arizona Indian Water Rights Settlement Agreement (NAIWRSA) settles the outstanding tribal water rights claims to the Colorado River, the Little Colorado River, and groundwater sources in Northeastern Arizona. Water infrastructure funded through settlement will help alleviate the lack of safe, reliable water supplies for members of all three Tribes, and help ensure the access to clean

"We are closer than ever to making this historic water settlement a reality, due in no small part to Governor Hobbs' steadfast commitment to water certainty in Arizona."

Chairman Timothy L. Nuvangyaoma, Hopi Tribe



running water that all Arizonans deserve. Additionally, NAIWRSA ratifies a treaty, providing the San Juan Southern Paiute Tribe with 5,400 acres after sharing territory with the Navajo Nation for the last 160 years. Passage of NAIWRSA is a monumental step in guaranteeing the Paiute Tribe has a home for generations to come.

The Yavapai-Apache Nation Water Rights Settlement Agreement secures safe and sustainable water supplies for the Yavapai Apache Nation, while also preserving and protecting the Verde River. It includes building a 60-mile water pipeline from C.C. Cragin Reservoir on the Mogollon Rim to deliver water to the Yavapai-Apache Nation, providing water certainty to the Nation and neighboring non-tribal communities, and enhancing the flow of one of Arizona's most precious rivers.

While both settlements must be ratified by Congress, they represent an incredible achievement for Arizona stakeholders who came together to reach agreement and resolve differences that have been ongoing for decades.

STRENGTHENING ARIZONA'S **ASSURED WATER SUPPLY PROGRAM**

In November, the Hobbs Administration successfully implemented a groundbreaking new policy, the Alternative Designation of 100-year Assured Water Supply (ADAWS), developed by a group of bipartisan stakeholders that formed the Governor's Water Policy Council. The ADAWS rulemaking seeks to address challenges that some water providers face in pursuing a new Designation of 100-year Assured Water Supply under the current rules. It creates regulatory relief from provisions that have stalled efforts for cities and providers to achieve designation, and provisions that ensure that water is conserved and the aquifer protected for Arizona residents. For reference, no undesignated water provider in the Phoenix AMA has successfully acquired a new Designation since the year 2000. The ADAWS rulemaking marks the most significant development in Assured Water Supply policy since the original rules were passed in 1995. ADAWS conserves groundwater over the long term and facilitates growth in the immediate term.

CRACKING DOWN ON DEVELOPMENT LOOPHOLES

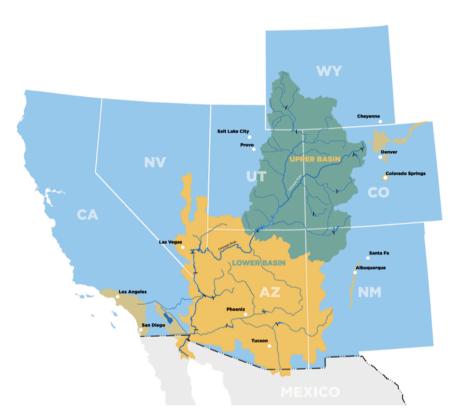
This year, the Arizona Department of Real Estate (ADRE) took action to prevent illegal subdividing, also known as "wildcat developments" in Rio Verde Foothills, which is east of Scottsdale. ADRE has completed 10 investigations of suspected illegal subdivisions suspected of evading water laws. These investigations led to enforcement action by ADRE and the inability for the violator to sell the lots. These actions were taken as a result of ADRE receiving policy direction from Governor Hobbs and OOR to prioritize enforcement of subdivision laws to protect Arizona's groundwater resources from overpumping.

These administrative efforts to protect consumers follow the Governor's ongoing efforts in this area. In 2023, Governor Hobbs signed Senate Bill 1432, after working across party lines to secure a water solution for the Rio Verde Foothills area, following her veto of an unworkable, partisan bill. Governor Hobbs also charged her Water Policy Council with identifying solutions to the long-standing challenge of wildcat development, which resulted in a slate of consensus recommendations. Unfortunately, while real solutions were not introduced by the legislature, and citizens in Rio Verde Foothills and elsewhere remain vulnerable to loopholes that can be exploited, Governor Hobbs will continue to fight for consumer protection and water certainty.

DEVELOPING A LONG-TERM **COLORADO RIVER SOLUTION**

After Governor Hobbs brokered a historic Colorado River agreement in 2023 with neighboring states, OOR continues to take a leading role in managing policy and related initiatives to the management of the Colorado River Basin, which is dealing with unprecedented challenges due to a megadrought, compounded by unsustainable water use. The crisis has caused Lakes Mead and Powell to drop to historically low levels, threatening water supplies urban areas. agricultural communities, and ecosystems.

Many of the rules currently governing Colorado River system operations expire in 2026. This year, Arizona joined fellow Lower Basin states California and Nevada



to propose a new approach for long-term Colorado River operations that would help ensure the river system's health and sustainability for decades to come. The Lower Basin proposal is designed to provide for sustainable management of the system under a very broad range of future conditions that have been exacerbated by drought and climate change. It reflects a new and more holistic approach to Colorado River management, in which required reductions are based on the health of seven major system reservoirs. This proposed alternative was submitted to U.S. Bureau of Reclamation, which reviewed all proposals as part of the multi-year environmental review process. While the Lower Basin's alternative proposal remains under consideration, the Hobbs Administration is committed to finding a solution that works for Arizona.

The federal process is expected to have an agreement by August 2026 with new plans in place beginning in 2027. The goal is for the seven basin states (Arizona, Colorado, Wyoming, Utah, New Mexico, California, and Nevada) and Mexico to come to a consensus ensuring water security for the 40 million people dependent on the Colorado River Basin.



LEADING IN WATER INNOVATION WITH ADVANCED WATER PURIFICATION

This year, OOR worked with the Arizona Department of Environmental Quality (ADEQ) on the development of the Arizona Advanced Water Purification (AWP) program. It will allow communities and private water providers to utilize innovative water reuse processes, treating and purifying recycled water to drinking water standards. This milestone marks a significant step forward in enhancing Arizona's water sustainability and addressing the state's ongoing water challenges.

AWP technology has the potential to create significant resiliency for Arizona through a potential new source of recycled water.

For example, the City of Phoenix has announced its intentions to build a regional AWP plant in the west valley by 2030 to produce recycled water that could serve new development, replenish our aquifers, and backfill shorted Colorado River water supplies.

The proposed rules position Arizona as a leader in water innovation, ensuring a sustainable and safe drinking water supply for future generations through AWP. ADEQ is working with stakeholders to develop the final regulatory framework for the Governor's Office and the Governor's Regulatory Review Council to review and approve in 2025.

"This new framework empowers us to implement cutting-edge water reuse technologies, helping to secure reliable, locally sourced drinking water for Arizona's growing population."

Troy Hayes, Phoenix Water Services Director

SUPPORTING WATER POLICY & TECHNOLOGY INNOVATION

OOR works closely with the Arizona State University Arizona Water Innovation Initiative (AWII), a statewide project that works with industrial, municipal, agricultural, tribal and international partners to rapidly accelerate and deploy new approaches technology to enhance management of Arizona's water resources. AWII supports statewide water

priorities outlined by Governor Hobbs by enhancing knowledge, capacity and capabilities of ADWR, ADEQ and the Arizona State Land Department. OOR serves as a liaison to state agency leadership and works with AWII to select and execute projects that build upon and extend Arizona's legacy of successful and innovative water management.

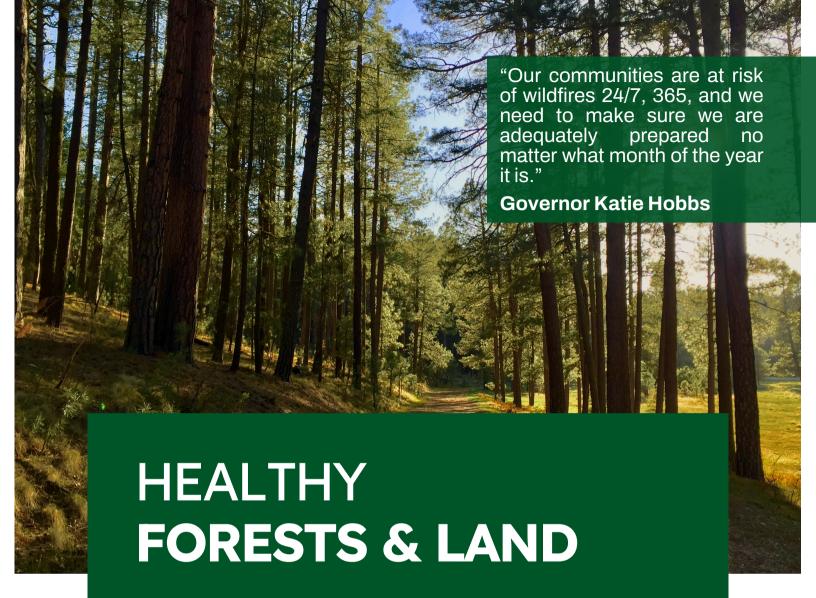
PROTECTING THE SAN PEDRO **RIVER**

In October 2024, Governor Hobbs announced a \$1.5 million grant for Cochise County to complete a water recharge project on the San **Pedro River**. With the support of the grant, the Coyote Wash Stormwater Management Project will capture additional precipitation and stormwater recharge the aquifer, protect flows in the San Pedro River, and improve water quality. This grant is part of the Hobbs Administration's efforts and commitments to protect Arizona's water supplies and improve sustainable water management practices.

"As the major migratory corridor for wildlife, the San Pedro River is crucial for both the health of our environment and for the vitality of our communities here in Cochise County."

Mayor Clea McCaa, Sierra Vista





In 2024, there were 2,162 wildfires across the state that burned 282,507 acres, representing a 50% increase in acres burned in 2023. While wildfire activity is still most severe between April and July, heightened temperatures and sustained drought have made wildfires a year round threat. At the very start of her administration, Governor Hobbs prioritized the Department of Forestry and Fire Management (DFFM) growing its forest restoration efforts to protect communities from catastrophic wildfires. DFFM is responsible for fire protection on 22 million acres, a territory that includes all unincorporated private land and the state's 9.2 million acres of state trust land. Governor Hobbs' support has come in the form of ramped-up funding in the state budget, as well as administrative actions to create partnerships and more available resources.

23,975 ACRES TREATED FOR WILDFIRE MITIGATION

Arizona's overstocked forests are resulting in unnaturally severe, catastrophic fire that inhibits the natural rebound of forests post-fire and has resulted in devastating flooding. At the start of Hobbs administration, OOR staff led an effort in coordination with stakeholders to examine the prior success of DFFM's forest restoration efforts and to set new and ambitious targets to support the health of our state's forests, grasslands, and the safety of communities at risk of wildfire. This effort resulted in DFFM targeting 40,000 acres treated annually by the end of Governor Hobbs' first term. DFFM's efforts, along with many important partners including the U.S. Forest Service, the Nature Conservancy, Salt River Project, Eastern Arizona Counties Organization, and others, is to confront this risk through strategic forest thinning to prevent the next Tunnel, Pipeline, or Telegraph fire. In FY2024, DFFM treated 23,975 acres for wildfire mitigation, surpassing its goal of 20,000 acres.

Projects in the last year focused on forest thinning



near at-risk communities across the state, prescribed burns restoring grasslands, watershed management, invasive species reduction, and more. DFFM has completed hiring all five of its District Foresters who will be responsible for managing DFFM's expanding success in protecting communities from catastrophic wildfire. Due to the Governor's support within the enacted budget, more hiring continues, including bringing jobs to the state that not only support the forest thinning projects but also the state economy. For example, as of December 2024, DFFM's current forest project contract is with 49 private contractors, up from 22 contractors in the previous contract.

Additionally, OOR connected DEMA with electric utilities piloting public safety power shutoff (PSPS) procedures during peak fire season. Given the importance of these procedures, OOR worked with DEMA and the utilities to develop a standardized communications form to assist with interagency communication prior to potential PSPS events.

23,975

Total Acres Treated

Counties Received Treatment

46%

Private Contractor Work

ACQUIRING ADDITIONAL WILDFIRE RESOURCES

Additional support for wildfire protection from Governor Hobbs came in the signing of the Shared Stewardship Agreement with the U.S. Forest Service to strengthen collaboration between state and federal land management agencies in the State of Arizona. This agreement focuses on restoring fireadapted ecosystems and reducing the risk of wildfire to communities; identifying, managing, and reducing threats to forest and ecosystem health; and fostering economic development strategies that keep working forests productive. OOR worked closely with Governor Hobbs and DFFM on the language of the agreement, and coordinated outreach to the U.S. Forest Service to secure their support.





In May 2024, Governor Hobbs signed House Bill 2751 to enter the Great Plains Interstate Fire Compact, allowing Arizona to reach a bigger pool of wildland firefighting resources, including equipment and overhead when the state moves into higher preparedness levels and fire activity increases. The entrance into the compact grants Arizona the ability to utilize state-to-state resource agreements instead of relying solely on federal resources through their national mobilization process. The compact includes the states of New Mexico, Colorado, Kansas, Nebraska, North and South Dakotas, Wyoming, and the Province of Saskatchewan. OOR staff oversaw the effort to pass this legislation, providing support and policy direction to the DFFM staff who executed on the legislative strategy.

PRESERVING ARIZONA'S NATURAL RESOURCES

In 2024, Governor Hobbs signed House Bill 2865, which established a State Natural Resource Conservation District Board and transferred duties to this body previously housed at the Arizona State Land Department. The board's primary function is to help coordinate the activities of Arizona's 42 Natural Resource Conservation Districts, bringing districts together for specific initiatives and serving as a single entity for securing federal grant dollars. The 11-member board is made up of 8 active members of Natural Resource Conservation District Boards, four of which are Governor-appointed. The remaining three members are state agency directors or their designees. OOR led discussions between advocates in and the Governor making improvements to the bill, as well as communicating with legislative policy staff the merits of the legislation.





Arizona's diverse and beautiful scenery, temperate climate, and unique attractions make it an outdoor recreation hub. More than 4.3 million Arizonans used trails in 2020, and many consider the proximity of trails when they are deciding where to live. Maintained trails enrich our communities, make outdoor recreation more accessible, and protect our landscape and wildlife habitat. With this in mind, Governor Hobbs directed OOR to prioritize non-motorized trail development in the state, along with the creation of new state parks and investing in river communities and wildlife ecosystems.

45 MILES OF NEW TRAILS CREATED



Governor Hobbs has prioritized non-motorized trail construction, and OOR helped establish a goal of 200 miles of new or re-opened trails for Arizona State Parks and Trails to complete by 2030. Currently, about 45 miles of new trails have been completed.

The Town of Snowflake used grant funds to develop a 2.4-mile non-motorized trail that connects with a trail that the Town of Taylor is developing. Taylor and Snowflake share a border between the Towns and have made progress in collaborating with one another. The grant funds were used to develop and improve the land already acquired. Contractors were used to establish non-motorized trails and complimentary improvements. The trail can be used by hikers, bikers, and bird watchers. The trail also provides safe access to a BMX pump track frequented by young people.

"Arizona is actually one of the beautiful diverse, most places in the United States. People are blown away when they actually come here."

Brian Lawrence, Camp Verde resident



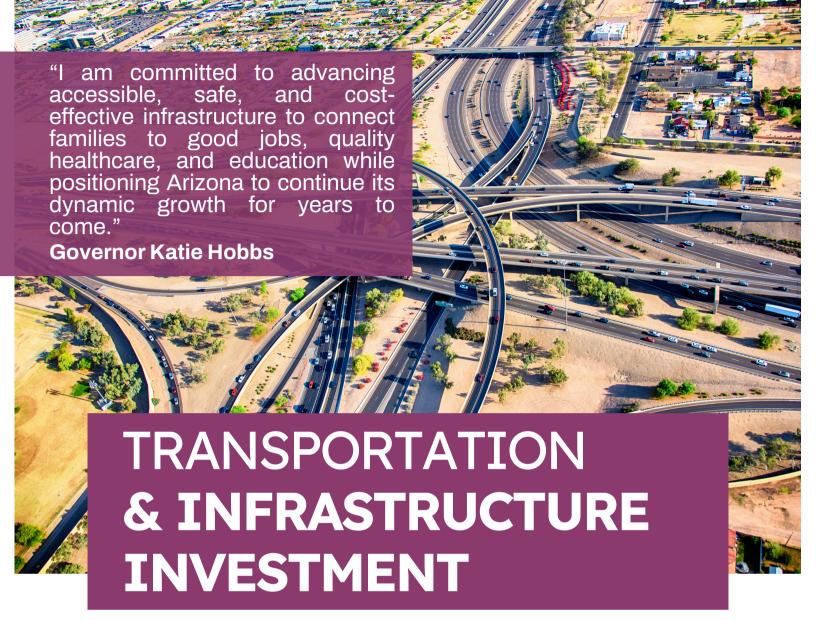
OPENED ROCKIN' RIVER RANCH STATE PARK

With OOR's help, for the first time since 2016, Arizona celebrated the opening of a new state park in 2024. Rockin' River Ranch State Park in Camp Verde was opened and dedicated to the people of Arizona in February 2024. The 209-acre park was acquired in 2008 and sits at the confluence of West Clear Creek and the Verde River. Previously operated as a guest ranch with horse riding and boarding facilities, the park will now offer nearly four miles of multi-use trails, allowing exploration of the pastures, a mesquite bosque, and the riparian zone along the Verde River. Resident and migratory birds and native wildlife are found in the park, and protected and native fish swim in the river. Since the park opened, nearly 6,000 people have visited the state park.

REVITALIZING THE SANTA CRUZ RIVER



This year, OOR worked with partners to promote Governor Hobbs' support for the local efforts to strengthen the Santa Cruz River and create a new U.S. Fish and Wildlife Service (USFWS) Urban National Wildlife Refuge. OOR and the Governor's Southern Arizona Office led communications between advocates and the Governor. Advocates are asking the U.S. Department of Interior to develop a protected habitat and flyway for over 87 bird species of conservation concern and to advance equitable outdoor access. The refuge would prohibit extractive uses, such as development and mining in areas where USFWS acquires fee-title property, or where co-stewardship exists with participating private landowners or a county government. In addition to this effort, Pima County's wastewater treatment facilities have created 25 miles of restored habitat sustaining native vegetation and wildlife.



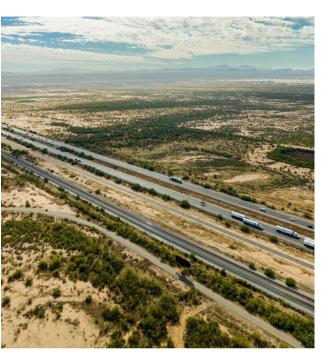
Governor Hobbs has launched and supported several significant programs aimed at improving Arizona's infrastructure and economic growth. Key initiatives include expanding access to federal transportation funding, investing in state highway and transportation projects, supporting the development of passenger rail service, and developing the state's electric vehicle infrastructure. Governor Hobbs is positioning the state for long-term economic sustainability and these efforts reflect her commitment to advancing accessible, safe, and cost-effective infrastructure for all Arizonans.

EXPANDING ELIGIBILITY FOR FEDERAL TRANSPORTATION **FUNDING**

In 2024, OOR worked with the Rural Transportation Advocacy Council and local partners to amend the AZ SMART Fund program, which assists eligible cities, towns, counties, and the Arizona Department of Transportation in competing for federal discretionary surface transportation grants. Program changes included expanding eligibility to tribes, nonprofits, transit agencies, and organizations eligible for federal funding. Projects eligible for AZ SMART Fund consideration are surface transportation projects, including road, bridge, transit, rail, and related facilities, such as bicycle and pedestrian paths, trails, etc. Since its inception, over \$49 million in AZ SMART funding has been awarded, securing over \$137 million in federal funding across 41 projects in Arizona, as of fall 2024.



In January 2024, Governor Hobbs announced Arizona received a \$95 million INFRA grant from the U.S. Department of Transportation for significant improvements to widen Interstate 10. The grant was awarded to improve the safety and conditions on the 26-mile stretch of the I-10 located entirely within the boundaries of the Gila River Indian Community. OOR was instrumental by working closely with ADOT, the Gila River Indian Community, and Senator Mark Kelly's office to secure the funding, as well as gather 47 letters of support to cover the funding shortfall to complete this project.



"Completion of this segment of the I-10 will be a game-changer for our entire state and I couldn't be prouder of the way our state came together to get it done."

Governor Stephen Roe Lewis, Gila **River Indian Community**

The I-10 corridor is a main corridor for all Arizonans. with parts of this project area seeing up to 110,000 vehicles daily, creating congestion and harming air quality. This infrastructure investment represents a unique partnership of governments, involving state, federal, tribal, and county governments in the planning and development of the grant to address the safety and infrastructure needs in Arizona and within the Gila River Indian Community.

ADOT CONTINUED FOR 8 YEARS

ADOT is a critical partner for the OOR, which was instrumental in assisting ADOT's legislative approval to continue for eight years, as part of the Sunset Review Process of state agencies. The eight-year continuation coincided with ADOT's 50th anniversary to carry on the administration's commitment to providing safe and sustainable transportation options for Arizonans. Through this partnership, OOR and ADOT continue to work on major initiatives, including the Comprehensive Climate Action Plan, federal funding opportunities, and programs like DirectPay that provide tax credits for clean energy projects.



VOTERS APPROVE \$15 BILLION TRANSPORTATION MEASURE

For the third time, county voters demonstrated their commitment to supporting the region's transportation system, which has served as an economic driver for nearly 40 years, by approving Proposition 479. Proposition 479 is a sales tax for transportation funding, which would raise \$15 billion for Phoenixarea transportation projects. In November, voters approved it by nearly 60%, continuing a half-cent sales tax that has been funding transportation projects in the county since 1985. Governor Hobbs successfully negotiated the enabling legislation last year protecting transit investments for local municipalities, adding a newly appointed member to serve on the Transportation Policy Committee to represent Resilient issues for the Maricopa Association of Governments (MAG), and securing funding for highway expansion projects to reduce

congestion and address ongoing population growth. OOR partners were critical in educating the community on the benefits of continuing to invest in infrastructure improvements and enhancements in order to leverage federal funding, improve air quality, and ensure families make it safe from their destinations.

Key investments from Prop 479 will pay for hundreds of new highway and HOV lane miles, 1,000 new or improved arterial lane miles, and nearly 30 miles of bus lines. Transportation experts say all of that should help keep the Valley's average commute to 30 minutes by the year 2050. One of the new projects funded by the initiative will be a new Southwest Valley freeway: state Route 30 between Loop 202 and 303, which will offer drivers an alternate route to I-10.

EXPANDING PASSENGER RAIL SERVICE



"Investing in passenger rail between Phoenix and Tucson holds enormous promise for economic growth and employment, and would more transportation options for more Arizonans."

Governor Katie Hobbs

Under Governor Hobbs' leadership and \$3.5 million commitment, OOR worked with ADOT to be selected for Federal Railroad Administration's Corridor the Identification and Development program in partnership with Amtrak's Restoration of the Sunset Limited service in Phoenix. The program aims to support the planning and development of intercity passenger rail across the country and create a pathway for projects ready for implementation.

The goal of this program is to explore building a new 160mile passenger rail service between Tucson and Buckeye and re-store Sunset Limited service in Phoenix, which was discontinued in 1996. Arizona was among the 69 selected passenger rail corridors in this competitive process. As the country's fifth-largest city, Phoenix is the only major city without passenger rail service.

This program partnership is in line with the Governor's priorities to provide multi-modal options for Arizonans. improve air quality, create jobs, spur economic growth, and reduce the number of traffic injuries and fatalities on highways.

Most recently, ADOT announced the creation of an Executive Leadership Team, which OOR is a member of with regional leaders. The team will provide guidance to ensure the proposed project enhances the region's priorities, coordinate decision-making elements, and collaborate to inform and seek input from community and business stakeholders.

OFFICE OF RESILIENCY PARTNERS

The Arizona Governor's Office of Resiliency has made significant strides in addressing Arizona's challenges and making the state more resilient by fostering partnerships with government agencies, businesses, local governments, and other organizations. These collaborations play a crucial role in advancing the office's mission and enabling the dozens of energy, land, transportation, and water programs and initiatives our office manages. Our team deeply appreciates and values these key partnerships. Collective efforts are essential in creating long-lasting, equitable change across Arizona, ensuring a resilient future for all Arizonans.

Agencies

Arizona Commerce Authority

Arizona Corporation Commission

Arizona Department of Administration

Arizona Department of Agriculture

Arizona Department of Economic Security

Arizona Department of Emergency Management and

Military Affairs

Arizona Department of Environmental Quality

Arizona Department of Forestry and Fire Management

Arizona Department of Game and Fish Department

Arizona Department of Health Services

Arizona Department of Homeland Security

Arizona Department of Housing

Arizona Department of Real Estate

Arizona Department of Transportation

Arizona Department of Water Resources

Arizona Governor's Office on Tribal Relations

Arizona Governor's Office of Highway Safety

Arizona Industrial Commission

Arizona-Mexico Commission

Arizona Office of Economic Opportunity

Arizona Power Authority

Arizona Residential Utility Consumer Office

Arizona State Climatologist Office

Arizona State Land Department

Arizona State Parks & Trails

Arizona State University

Arizona Water Infrastructure Finance Authority

Environmental Protection Agency

Federal Highway Administration

Northern Arizona University

University of Arizona

U.S. Bureau of Reclamation

U.S. Department of Energy

U.S. Environmental Protection Agency

U.S. Department of Agriculture

U.S. Department of the Interior

U.S. Fish and Wildlife Service

U.S. Forest Service

Local Governments

City of Buckeye

City of Flagstaff

City of Mesa

City of Phoenix

City of San Luis

City of Tempe

City of Tucson

Cochise County

Coconino County

La Paz County

Maricopa County

Mohave County

Navajo County

Pima County

Town of Queen Creek

Yavapai County

 ${\it Current partnerships are not determinant of future solicitation or procurement outcomes.}$

OFFICE OF RESILIENCY **PARTNERS** CONTINUED

Other Organizations

Advanced Energy United

Agribusiness & Water Council of Arizona

Agribusiness & Water Policy Council

American Lung Association

AnnDyl ARISEIA

Arizona Association of Conservation Districts

Arizona Cattle Feeders' Association Arizona Cattle Growers Association Arizona Center for Rural Leadership Arizona Cotton Growers Association

Arizona Faith Network

Arizona Farm and Ranch Group

Arizona Farm Bureau Arizona G&T Cooperatives

Arizona Municipal Water Users Association

Arizona PIRG

Arizona Public Service

Arizona Sportsmen for Wildlife Conservation

Arizona Technology Council Arizona Water Company Arizona Wildlife Federation

Audubon Arizona **Audubon Southwest AZ AANHPI for Equity** Central Arizona Project

Ceres Chispa

Climate Cabinet Climate Tucson

Conserve and Protect Arizona

Diné C.A.R.E.

Duncan Valley Electric Cooperative, Inc Eastern Arizona Counties Organization

Elders Climate Action

Environmental Defense Fund

EPCOR Arizona

Graham County Electric Cooperative

Grand Canyon State Electric Cooperative Association Hispanics Enjoying Camping, Hunting, and the Outdoors

(HECHO)

Inter Tribal Council of Arizona Interwest Energy Alliance

Keys to Change, formerly The Human Services Campus

League of Conservation Voters

Local First Arizona LUCHA Arizona

Maricopa Association of Governments

Mi Familia Vota

Mohave Electric Cooperative National Forest Foundation Navopache Electric Cooperative

Northern Arizona Municipal Water Users Association

Plug In America Poder Latinx **REAL AZ**

Resource Innovations

RMI

Rural Arizona Action Salt River Project

Salt River Wild Horse Management Group

Sierra Club Grand Canvon Chapter

Solar United Neighbors

Southwest Energy Efficiency Project

Sulphur Springs Valley Electric Cooperative, Inc.

The Nature Conservancy The Ormond Group LLC Trico Energy Cooperative Trust for Public Lands

Tucson Electric Power Company

Current partnerships are not determinant of future solicitation or procurement outcomes.

OFFICE OF RESILIENCY **PARTNERS** CONTINUED

VetsForward Vote Solar Western Clean Energy Advocates Western Growers Association Western Resource Advocates Wildfire

Tribal Nations

Colorado River Indian Tribes Gila River Indian Community Hopi Tribe Navajo Nation Pascua Yaqui San Carlos Apache Tribe San Juan Southern Paiute Tribe Yavapai-Apache Nation

DISCLAIMERS

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