

EXECUTIVE SUMMARY

AT A GLANCE: THE 2026 COLORADO RIVER INFLECTION POINT

With the Colorado River's flow severely reduced, and reservoirs at record lows, the Colorado River Basin—which supports 40 million people across 7 US states and Mexico, and \$1.4 trillion in GDP—must pivot from crisis management to building long-term solutions for this lifeline of the American West.

THE WATERMARKS OF A CRISIS

A century-old overestimation about water flow is colliding with a 26-year "mega-drought" in the summer of 2026, pushing the basin's water systems to the brink of collapse. The 1922 Compact that allocated the river among Upper Basin and Lower Basin states was based on over-optimistic expectations for water supply. This over-allocation, compounded by heat-driven aridification, has depleted Lake Mead and Lake Powell to around one-third capacity.

- **Critical Thresholds:** By the fall of 2026, the US Bureau of Reclamation has warned that Hoover Dam may generate 40% less hydropower. The giant reservoirs that store water and generate electricity face the risk of reaching "minimum power pool" (losing hydropower) or "dead pool," where water can no longer flow downstream, devastating ecosystems and the \$1.4 trillion regional economy.
- **Invisible Losses:** Groundwater—the basin's "savings account"—is being drained faster than surface water.
- **Water Quality:** As water flows decrease, pollutants and salinity are increasing concerns. Higher salinity risks violating an amendment to the 1944 treaty that governs how the US and Mexico share the river.
- **Economic & Societal Stakes:** Companies often fail to price in water risk, city budgets are under pressure from efforts to diversify water sources, and consumers will be impacted via their food and electricity bills.

THE SHARED CHALLENGES

The Colorado River Basin's water problems have massive economic and societal stakes, affecting national security, food stability, and corporate supply chains.

- **Governance & Politics:** Interim guidelines to govern the river expire this year, and the federal government is expected to announce a new framework.
- **Food & Water Security for All:** The basin is America's "salad bowl," providing an estimated 90% of the US's leafy greens in winter. It's also an important source of milk, beef and eggs.
- **Tribal Rights:** While 30 Tribal Nations hold rights to 25% of the river, other Tribes have unsettled claims. Many Tribes also lack the infrastructure to use their share; their inclusion in a post-2026 framework is imperative.
- **Industry at Risk:** Semiconductor manufacturing, data centers, defense companies, mining operations and other companies depend on the river's dwindling flow.
- **Aridification:** "Drought" conditions are actually a permanent or semi-permanent shift to a hotter, drier landscape, with the river's flow expected to drop another 20% by 2050 and 35% by 2100.
- **Water Banking:** A system of banking water has included injecting water into aquifers for later withdrawal, and "interstate water banking" – creating concerns about false security in reservoir levels.

A “SILVER BUCKSHOT” APPROACH

There is no silver bullet, only silver buckshot, as a Western saying goes. A multi-pronged approach is being taken to move beyond short term crisis management and build long-term resilience for the basin.

- **Urban Efficiency:** Water re-use and programs to replace ornamental turf with xeriscaping are highly effective, and could be more widely implemented. Cities like Las Vegas have decoupled growth from water use, recycling water and reducing per-capita consumption.
- **Alternative Frameworks:** Tribal partnerships, corporate partnerships, and new ways to approach river governance are emerging.
- **Agricultural Innovation:** Agriculture is estimated to account for around half of all water uses. Moving to more efficient irrigation equipment, lining canals, and experiments with less thirsty crops and "agrivoltaics" (solar panels over crops) all show promise but have yet to be scaled.
- **Technological Scaling:** Wastewater recycling and desalination programs are expanding, but come with challenges around transportation and water quality.
- **Nature-Based Infrastructure:** Restoring wetlands offers long-term dividends for the microclimate and beyond, helping to improve water quality and recharge aquifers. Forest thinning is being undertaken, but with controversy around results. Low-cost solutions like Beaver Dam Analogs (BDAs) can help do this for as little as \$1,000 per structure, compared to \$1 million per mile for traditional engineering.

CONCLUSION: FROM AWARENESS TO ACTION

The tools to solve the crisis exist, and many are already being deployed by conservation groups, Tribes, and with support from government funding or corporate partnerships. The missing ingredients are speed and scale. The 2026 deadline for a new water-sharing framework for the river has created a narrow window for new approaches, and the severity of the drought leaves little time to debate. It's time to end the zero-sum game of fighting over water allocations, and build a collaborative approach that sets all stakeholders in the Colorado River Basin up for nature's future dividends.