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July 1, 1998

Mr. Lester Snow, Executive Director
CALFED Bay-Delta Program
1416 9th St., Ste. 1155
Sacramento, CA 95814

RE: **The Agricultural Water Caucus Position on a Solution for the Bay-Delta
California Farm Water Coalition Comments on the CALFED Bay-Delta Program Draft Programmatic EIS/EIR**

Dear Mr. Snow:

The California Farm Water Coalition appreciates the opportunity to provide the following comments regarding the CALFED Bay-Delta Program Draft Programmatic Environmental Impact Statement/Environmental Impact Report (PEIS/R). The Coalition is a non-profit organization dedicated to educating the public regarding the social, economic and environmental benefits of irrigated agriculture. Our membership includes water districts, agriculturally related businesses and organizations, and individual farmers and ranchers from throughout California, including within the CALFED solution area.

On behalf of the Agricultural Water Caucus, we have attached the Caucus' "Position Paper on a Solution for the Bay-Delta." This document was developed through the collective efforts of the organizations listed at the end of the paper. The document represents the Coalition's perspective on the key issues in the draft PEIS/R. In addition, we are including in this letter our expanded comments on the issues of agricultural land conversion and water use efficiency.

The Coalition strongly believes that the success of the CALFED process is essential to California's future. The CALFED agencies have undertaken an enormous task, and our comments are designed to help the agencies identify areas where improvement is necessary to ensure that all stakeholders "get better together." Both the Ag Water Caucus Position Paper and our expanded comments identify our concerns with the current proposal and offer suggestions for improving it. We look forward to working with CALFED and with other stakeholders to move this effort forward.

The following are our specific expanded comments regarding agricultural land conversion and water use efficiency.

Agricultural Land Conversion

The PEIS/R identifies the following potential maximum conversions of agricultural lands to other uses:

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Food Grows Where Water Flows

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Ecosystem Restoration Program	152,000 acres
Water Quality Program	45,000 acres
Long-Term Levee Protection Program	35,000 acres
Storage and Conveyance Alternatives	82,100 acres
<i>Total</i>	<i>314,100 acres</i>

Agriculture is California's leading economic sector, generating more than \$70 billion in revenue in 1996¹. Consequently, the conversion of over 300,000 acres would have substantial economic impacts (some of which are outlined below).

Furthermore, as noted in the Ag Water Caucus Position Paper, some CALFED agencies and some stakeholders (i.e., certain environmental groups), continue to advocate substantial farmland retirement in export areas to reduce water demand. Under this "unofficial" proposal, 400,000 to 600,000 additional acres south of the Delta would be purchased and converted to upland habitat.

Finally, CALFED's Watershed Management Strategy appears to encourage if not require land use changes in upper watersheds. Clearly, representatives of some CALFED agencies are biased toward certain agricultural land uses in upper watersheds (especially livestock grazing). Since rangelands in upper watersheds are generally too cold, too dry or too steep for the cultivation of crops, any program that requires reductions in the grazing of domestic livestock on public or private lands is essentially an agricultural land retirement program.

The Coalition believes that the costs of purchasing and managing the significant acreage discussed in the PEIS/R are prohibitive. Furthermore, the negative local and regional economic and employment impacts would be significantly greater than published CALFED estimates. Land retirement would affect direct farm income as well as income generated throughout the production chain (i.e., in the supply, transportation, marketing, processing and retail sectors). Before any proposal to purchase agricultural land is advanced further by CALFED, full disclosure of these linkages and related costs must be made.

Unlike economic impacts, the social impacts of retiring farmland are extremely difficult to quantify. With the proper assumptions and data, economic impacts may be estimated with some degree of certainty. Social implications, on the other hand, are quality of life issues that are not as easily measured. However, the social impacts of land retirement are equally as important and must be evaluated against CALFED's solution principles.

Several studies provide insight into the social impacts of land retirement. The California Institute for Rural Studies published "93640 at Risk: Farmers, Workers and Townspeople in an Era of Water Uncertainty" in March 1996. The report evaluated the impacts of drought-induced reductions in water deliveries on

¹ California Agricultural Resource Directory, California Department of Food and Agriculture, 1997.

the Fresno County town of Mendota. This study provides valuable insights into the reductions in on-farm and off-farm labor demand, retail sales and local tax revenues caused by a 14% reduction in irrigated acreage in the Mendota area. Furthermore, a report prepared for the California Farm Water Coalition by Northwest Economic Associates entitled "Agribusiness and Water Shortages: The Impacts Quantified" (November 1995) documents impacts on local allied industries from the idling of cropland. The information contained in these reports provides a useful starting point from which to analyze the social costs of land conversion.

A review of the above-mentioned studies, along with a more thorough modeling of the economic impacts of converting farmland in the Central Valley, raises several significant social questions:

- According to the U.S. Department of Labor, Modesto, Fresno and Bakersfield have current unemployment rates of 11.9%, 13.9% and 11.7% (March 1998), respectively – far above unemployment rates in the state's urban centers. What additional impact would agricultural land conversion have on unemployment in these communities?
- With increased unemployment comes increased demand for social services. City and county governments provide many of these services. Given reduced local tax revenues because of conversion of farmland from private to public ownership, how would local communities address this increased financial demand?
- Recent welfare reform requires aid recipients to find employment within a given time period. What impact would a reduction in the demand for labor have the ability of people to make the transition from welfare to work?
- Would the state and/or federal governments provide worker retraining programs similar to those offered timber workers in the Pacific Northwest because of reduced timber harvests? What would such a program cost? What barriers (i.e., geographic isolation, transportation, educational level, etc.) would prohibit individuals from participating in such a program?
- What social impacts would the above issues have on rural communities? Again, the timber industry in the Pacific Northwest may provide useful insights. Many communities in northwestern California have experienced increases in drug and alcohol abuse, domestic violence, and school dropout rates, which many attribute to unemployment caused by reduced timber harvest.
- What types of new jobs would be created by the potential reinvestment of sale proceeds by landowners?

CALFED's current analysis of farmland conversion seems to assume that agricultural production and environmental values cannot occur on the same piece of land. The PEIS/R also appears to assert that the conversion of agricultural land provides environmental benefits that eliminate the need to evaluate and disclose any negative impacts. The Coalition believes that California's agriculture land and water are significant economic, social and environmental resources that are not matched anywhere else in the world.

As an alternative to taking farmland out of private ownership and out of agricultural production, we agree with the Ag Water Caucus position on land conversion and CALFED's common programs. Specifically, CALFED should develop incentives for farmers, ranchers and other landowners to achieve CALFED objectives while maintaining the economic productivity and private ownership of agricultural land and water.

Water Use Efficiency

According to the *Water Use Efficiency Component Technical Appendix*, "the CALFED Bay-Delta Program, by solving interrelated problems of the Bay-Delta system, will help to preserve the viability of Agriculture in California." While the consistency of this statement with the proposals advanced in the PEIS/R is questionable, it does provide a benchmark against which the Water Use Efficiency program can be evaluated. The Coalition believes that the efficient use of water by all users (including the environment) is essential. Farmers and agricultural water suppliers have made tremendous advancements in water use efficiency in recent years, a fact that must be recognized in the appendix. Water represents a substantial cost of business for farmers, who must reduce costs to increase net revenue.

The Coalition supports the use of the Agricultural Water Management Council and its underlying Memorandum of Understanding (MOU) as the vehicle for ensuring efficient agricultural water use. Indeed, the Coalition has been instrumental in developing support for the MOU among agricultural water districts. If CALFED truly embraces this approach, however, several inconsistencies in the appendix must be addressed.

- CALFED correctly states that the MOU represents a voluntary approach to agricultural water conservation. However, CALFED also states that unless certain acreage and timeline targets are met, "legislative and regulatory mechanisms will be triggered." Such an approach is coercive in nature and should be abandoned.
- The technical appendix states that "if an acceptable majority of agricultural water suppliers have not prepared, adopted, received Council endorsement, and begun implementation of their agricultural water management plans by January 1, 1999," that the regulatory and legislative approaches referenced above will be initiated. The Coalition assumes that CALFED's revised schedule for public review and program implementation negates this deadline. Regardless, CALFED should embrace the Council's timeline for plan endorsement, which provides two years from the date of signing the MOU.
- CALFED indicates that two-thirds of the irrigated acreage "in the CALFED solution area" should be covered by the MOU. By including agricultural water suppliers served by the Colorado River in its solution area (at least in this technical appendix), CALFED has set this acreage target inappropriately high. Furthermore, the MOU applies only to water districts. A substantial amount of farmland in the solution area is not

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within the boundaries of any water district. The Coalition understands the need for demonstrated progress in implementing agricultural water management plans, but acreage targets must be realistic.

CALFED should provide funding and technical support for locally developed efforts that increase water use efficiency. Incentives, rather than the threat of regulation, should be used to encourage the development of agricultural water management plans.

CALFED's approach on water use efficiency should be consistent for all uses of water. Environmental uses of water, both in-stream and off-stream, should be held to efficiency standards. CALFED should also apply the same linkages to these environmental uses that are developed for urban and agricultural uses.

Conclusion

The Coalition recognizes enormity of the task undertaken by the CALFED agencies. While a programmatic environmental document often requires issues to be depicted as "either-or" decisions, we encourage CALFED to develop methods of achieving its goals that enhance the natural, human and economic resources that contribute to California agriculture's success. We look forward to working with you to ensure that agriculture moves forward with other stakeholders in this process. Thank you in advance for your attention to the issues raised in the "Ag Water Caucus Position on a Solution for the Bay-Delta," as well as those raised in our comments.

Sincerely,



Daniel K. Macon
Executive Director