THE CALIFORNIA INSTITUTE FOR RURAL STUDIES

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The CalFed proposals and the Bay-Delta Accords, the primary focus of today's hearing are but one piece of a much larger policy shift regarding irrigated agriculture in the West. Environmental concerns, once not even seriously considered, are now at least as important a part of Federal and State policy as are supplying water to agricultural and urban users.

However, virtually all discussion of water policy in California appears to be predicated on reducing water supplies to agriculture. Whether it is the allocation of 800,000 acre-ft per year to environmental restoration under the Central Valley Project Improvement Act (CVPIA), or opening the door to large-scale water transfers to moneyed urban interests, agriculture will lose significant supplies. Most recently, Bulletin 160-98 of the California Department of Water Resources, titled *The California Water Plan Update* (January 1998), discusses the projected growth of urban and environmental water use in California to the Year 2020. Urban use will increase by 37% and environmental use will increase by 26%. Agriculture's use is projected to experience a net decline of 2.3 million acre-ft per year by 2020.

At present levels of water use, these immense reductions of irrigation supplies are equivalent to taking hundreds of thousands of acres of land out of production. California stands to lose more farm land as a result of environmental policy than to all of the effects of conversion of farm land due to urbanization.

But the requirements of CVPIA and the projected decline in agricultural water use do not seem to be enough to satisfy environmental advocates. In a letter to CalFed Bay-Delta Program Executive Director Lester Snow, dated September 10, 1997, the Natural Resources Defense Council (NRDC) suggested that a "soft path" solution to Bay-Delta cleanup could be achieved if between 400,000 and 600,000 acres of San Joaquin Valley irrigated agricultural land were permanently retired.

Completely absent from these discussions are the human impacts of taking hundreds of thousands of agricultural land out of production. Tens of thousands of farm jobs are at stake here, dozens of communities stand to lose their economic base, resulting in the loss of hundreds of small businesses, not to mention the devastating impact on the local tax base. But neither the NRDC, the CalFed, nor the Department of Interior have conducted the

necessary socio-economic impact studies that would be needed to determine the magnitude of these harmful impacts on the lives of tens of thousands of hard-working Californians.

In 1994-95 CIRS conducted a retrospective socio-economic impact study in the community of Mendota, ~~just thirty miles west of this hearing room~~. Our report was published in March 1996 and is titled *93640 at Risk: Farmers, Workers and Townspeople in an Era of WaterUncertainty*. Funding for the study was provided by the Community Alliance with Family Farmers, under a grant they received from the Ford Foundation.

The purpose of the study was to determine the socio-economic impacts of substantial reductions of irrigation supplies to an agricultural community. Mendota is a roughly one hundred square mile area bounded by the Postal Zip Code 93640 and comprises about 60,000 acres of irrigated farm land. The opportunity to examine these effects was provided by the unfortunate six-year 1987-92 drought that affected many farming areas of the state. Surface water supplies to this region were reduced by as much as 75% in the course of the drought period.

Agricultural economists and environmental advocates have long argued that when water supplies are reduced, or when irrigation water becomes more expensive, farmers will respond by switching their plantings from extensive to intensive crops. Thus, their predictions suggest that during the drought Mendota farmers would have increased their plantings of fresh vegetables and permanent crops, and would have correspondingly eliminated substantial plantings of extensive crops, such as wheat, alfalfa or cotton.

In fact, we found the opposite result. Overall, Mendota irrigated acreage declined by about 14% as a result of the drought. But instead of increased plantings of intensive crops, Mendota farmers actually *reduced* their acreage of fresh vegetable crops by as much as 37%, in the case of melons, whereas field crop plantings were reduced by just 5%. This is shown in Exhibit 1 (attached). The main reason for this decline is that when Mendota farmers attempted to substitute pumped ground water for the lost surface water deliveries, they found that the poor quality well water could not be used to grow salt-sensitive plants such as melons.

As a consequence of the tremendous decline in fresh vegetable production, Mendota payrolls fell by at least 14%, and three of the seven wholesale vegetable packing houses closed their doors and either went out of business or left the area.

Other adverse impacts in Mendota that were associated with the loss of irrigation water during the drought included:

- Loss of 26% of all of the farms of Mendota;
- Loss of 70% of small family farms;
- Retail sales in the community fell by 11%;
- Agricultural land values declined by about 30% (see Exhibit 2);
- Mendota city tax revenue declined both as a result of depressed business conditions and as a result of declining property values.

The prestigious National Academy of Sciences/National ResearchCouncil report *Water Transfers in the West: Efficiency, Equity, and the Environment* stated, "No issue gave the committee more trouble than the question of how to characterize and evaluate the effects of water transfers on small communities." Our study of the impact of reducing irrigation supplies in Mendota is the first attempt to do so. The results of our study are extremely disturbing.

In my view this committee needs to insist that proper socio-economic assessments be undertaken *before* any more water transfers, land retirement, or other schemes that take water from agricultural communities are permitted. At present, incalculable damage is occurring as the new environmentally-driven water ethic is being put into place.

Next, mitigation measures need to be put into place to lessen the adverse community impact of environmentally-driven Federal and State water policy. CIRS supports the creation of a community-controlled fund to assist displaced workers as well as local government in these periods of adjustment.

Finally, I find it nothing short of arrogant and irresponsible for environmental advocacy groups to assert that policies that will take away the livelihood of tens of thousands of California farm workers are a "soft path" solution to the state's water problems. It is only soft if you don't have to make your living by manual labor in an agricultural field. It is time that we not only assessed the impact of such policies, but also put into place mitigation efforts to lessen the adverse effects.