



California Drought: What's Next

Columbia Room A
10:45 AM - 11:35 AM
Hyatt Grand Regency Capitol Hill
Tuesday September 9, 2014

United Fresh PRODUCE ASSOCIATION THE WASHINGTON CONFERENCE #UnitedTWC

California Drought

- **Welcome**
 - **Today's Session**
 - **Panel Discussion**
 - **Questions and Answer**

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California Drought

- **Current Situation**
 - Approximately 420,000 acres have been left fallowed by the current CA drought
 - Federal Legislation is currently being negotiated by House and Senate
 - State Water bond has been approved for Nov ballot along with tough ground water legislation

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California Drought

- **Today's Speakers**
 - Barry Bedwell, CEO, California Fresh Fruit Association
 - Chris Marklund, Legislative Director, Rep. David Valadeo
 - David Reynolds, Director of Federal Relations, Association of California Water Agencies

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California Fresh Fruit Association
"To fulfill the needs of its membership while serving as the primary public policy organization advocating on behalf of fresh fruit growers and shippers in California."

United Fresh Produce Association
 The California Water Crisis: What's Next
 September 9, 2014
 Presentation by Barry Bedwell, CFPA President

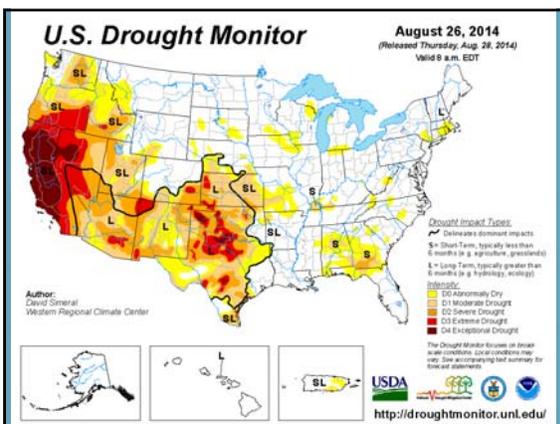
Background of the Association

- Origins dating back to 1921; Growers & Shippers Protective League and Table Grape Growers & Shippers Association
- Voluntary, non-profit representing about 85%, by volume, fresh permanent crops with the exception of avocados and citrus



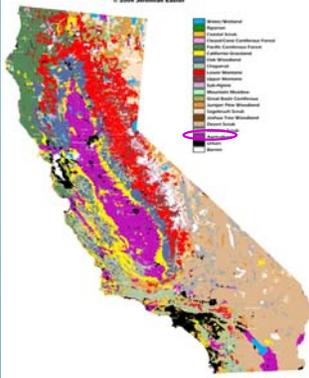
Background of the Association

- Membership ranges from Coachella Valley to Lake County
- Primary public policy advocate in Sacramento & DC
- Different from mandatory commissions
- Changed name to California Fresh Fruit Association in Aug 2014

California has a variety of climate and land use zones

- Natural diversity allows diverse agriculture to thrive
- A relatively small share of the total land mass is suitable for high-productivity irrigated crops



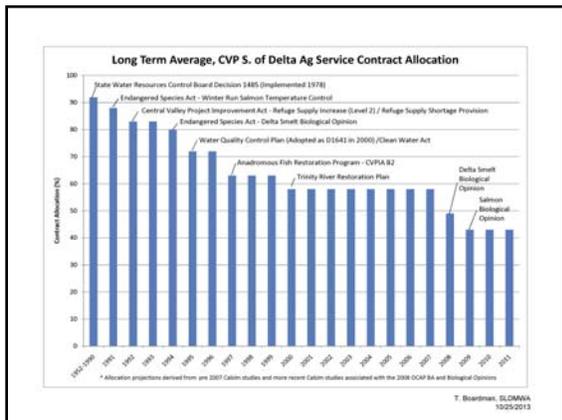
What has changed since 1977:

In 1977 there were 22 Million Californians, today 38 Million [+16,000,000 an increase of 72%]

In 1977 our per capita income was \$8,500, today \$42,500 [+34,000 an increase of 400%]

In 1977 gross farm revenue was \$9.6 Billion, today \$45 Billion [+35,400,000,000 an increase of 368%]

Since 1977 a multitude of government regulatory and policy decisions have placed a raft of “priority environmental uses” ahead of historic human needs and have reduced the average water supply for CVP South of Delta Ag Service Contractors from 90% reliability to 40% reliability.



CALIFORNIA'S WATER BOND (PROPOSITION 1)

Gov. Jerry Brown signed legislation Aug. 13 to put a comprehensive \$7.5 billion water bond before California voters this November.

- This version replaces a \$11.14 billion water bond previously set for the November ballot. The legislation, which required a two-thirds vote, passed the California Senate 37-0 and the Assembly 77-2.
- The new bond totals \$7.545 billion, up from a total closer to \$6 billion as called for by Governor Brown.
- It includes \$2.7 billion for additional water storage (negotiated up from \$2.0 billion)
 - It also provides funding for safe drinking water projects (\$520 million), particularly in disadvantaged communities, water recycling and groundwater sustainability projects (\$725 million and \$900 million, respectively), and watershed protection and ecosystem restoration (\$1.495 billion; note: money not to be spent on projects to expedite BDCP infrastructure, a.k.a. "tunnel neutral.")

CALIFORNIA'S NEW GROUNDWATER MANAGEMENT LEGISLATION
 AB 1739 (Dickenson), SB 1168 (Pavley), SB 1319 (Pavley)

Taken together, these bills:

- Enable the formation of groundwater water sustainability agencies to **control groundwater extractions**.
 - New authorities include limiting groundwater extractions from individual groundwater wells or extractions from groundwater wells in the aggregate
 - Regulating the construction of new groundwater wells, enlargement of existing groundwater wells and establishing groundwater extraction allocations.
 - Metering each groundwater extraction facility
 - New fee authority, including costs incurred in connection with any investigative effort, monitoring, hearings, enforcement actions and administrative costs.

- Require the designation of basins (high, medium, low or very-low priority) for the purpose of assigning groundwater sustainability management plan adherence requirements.
 - Only high and medium priority basins are required to be managed under a plan; plan must be in place as early as 2020.
 - Plans must include a description of current groundwater levels and quality, subsidence, and groundwater-surface water interaction, as well as, a projection of current and future water demands and water supplies.
 - Plans must achieve the sustainability goal within 20 years of the implementation of the management plan.
- "Sustainability"
 "Sustainable yield": the maximum quantity of water...that can be withdrawn annually from a groundwater supply without causing an undesirable result (chronic overdraft, "significant and unreasonable" reduction of groundwater storage, land subsidence, depletions of interconnected surface water that adversely impact beneficial uses of surface water).

Take Away Messages

- In regard to permanent crops such as table grapes, peaches, plums, nectarines, blueberries, cherries, especially on the east side of the SJV, many parcels do have pumps and wells, however there are other commodities which are more dependent on a delivered surface water supply.
- In summary, we were fortunate to escape major production disruptions in 2014. We do, however, expect crop levels to be lower than in 2013 which could impact producer pricing.
- There is serious concern over what a continuing drought in 2015 would do to production as well as the impact of state legislation related to groundwater management, which will have far reaching implications.
- Most indicators show a decrease in production ag acres in the decades ahead. Expect protracted litigation.

Thank you for your time & attention!

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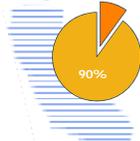
The Drought Touches Everything

Sept. 9, 2014 • David Reynolds, ACWA Federal Relations Director

About ACWA

Who We Represent . . .

- + ACWA members responsible for 90% of the state's distributed water



Water Sources & Services

- + Federal, state and local projects
- + Surface and groundwater
- + Agricultural, urban, industrial customers
- + Wholesale, retail



Drought Touches Everything



This Drought is Really Bad

Sept. 2, 2014

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



USDA, NWS, NOAA, and other agencies logos.

<http://droughtmonitor.unl.edu/>

82% of state is now in Extreme Drought
52% is in Exceptional Drought

This Drought is Really Bad

Especially for Agriculture

- + 420,000 acres idled
- + Rice acreage slashed by 25%
- + \$2.2 billion in lost income
- + 17,000+ jobs lost
- + Groundwater pumping at alarming levels



ACWA Drought Initiatives

Drought Action Group

- + Created in January in cooperation with DWR / state agencies
- + Report released in June to provide on-the-ground look at impacts, vulnerabilities




Drought Action Group

- + "Bottom-up" look at the drought
- + Priority Actions
 - + Short and long-term infrastructure investments
 - + Operational efficiencies
 - + Funding support, including 2014 water bond
 - + Enhanced conservation and water-use efficiency
 - + Actions must be implemented as comprehensive package to maximize effectiveness



ACWA Drought Initiatives

Information Clearinghouse

- + Save Our Water
 - Partnership between ACWA and DWR
 - Education and resources for consumers
 - Statewide paid media campaign now under way
- + ACWA Website
 - Map showing local responses – 150,000 page views since January
- + Encouraging Urban Drought Conservation



2014 Emergency Drought Regulations

- + Adopted by State Water Resources Control Board in July
- + Certain outdoor water uses now prohibited
- + Urban water agencies required to implement mandatory portions of their drought contingency plans
- + Enforcement handled locally through existing mechanisms
- + \$500 fine is an optional tool



The Drought Has Worsened A Growing Groundwater Crisis

- + Unprecedented strain on groundwater today
- + Groundwater declines becoming unsustainable in some areas
- + Local subsidence, degraded water quality a concern
- + Implications for other users, key infrastructure



ACWA Groundwater Sustainability Task Force

- + ACWA Board-Level Task Force created November 2013
- + Core principles
 - Respect property rights
 - Protect local control
 - Promote sustainable outcomes
 - Take bold action



Comprehensive Groundwater Legislation

- + Three-bill package approved by Legislature on Aug. 29
- + Creates new Sustainable Groundwater Management Act
- + Provides framework for improved management by local agencies
- + Limited state intervention if locals cannot do the job
- + Substantially consistent with ACWA's Recommendations



ACWA's Statewide Water Action Plan

- + Developed by broad cross-section of water interests
- + Unanimous vote by ACWA Board of Directors in September 2013
- + ACWA's SWAP provides strong support base for **statewide action** by Governor Brown



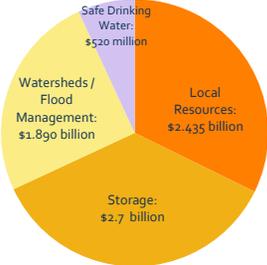
The Comprehensive Water Strategy "In a Nutshell"

1. Use less
2. Store more
3. Fix the Delta
4. Manage groundwater
5. Provide safe drinking water
6. Invest in habitat and watersheds



2014 Water Bond

Total Expenditures = \$7.545 billion
(Replaces \$11.14 billion bond)



Category	Amount
Local Resources	\$2.435 billion
Storage	\$2.7 billion
Watersheds / Flood Management	\$1.890 billion
Safe Drinking Water	\$520 million

Banner Year for California Water

By the end of this year, we will have:

- + Passed a Water Bond
- + Passed Historic Groundwater Legislation
- + Moved the California Water Action Plan forward, including progress on storage
- + Implemented Measures Statewide to Reduce Drought Impacts



Contact & More Information

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