

# valley water alliance

## Economic Report: Man Made Drought

*By Dr. Don Villarejo; August 31, 2004 (VWA Synopsis)*

More than 70 years ago, what we now know as the Central Valley Project and its Friant Division were created in order to replenish diminishing ground water supplies and restore water reliability within a part of the San Joaquin Valley. Construction of Friant Dam, the Friant-Kern Canal, and Madera Canal ultimately transformed the central and southern San Joaquin Valley into a thriving and diversified economy.

Communities both large and small rely upon water from the Friant Division for drinking water and the thousands of jobs that are supported by those water supplies. Without Friant water, communities such as Orange Cove, Friant, Strathmore, Terra Bella, Lindsay and Fresno and their residents and businesses that depend on Friant water for a reliable drinking water supply would be devastated.

The federal court case brought by a group of environmental organizations led by the Natural Resource Defense Council against the U.S. Bureau of Reclamation poses a great threat to the water users and communities within Kern, Tulare, Fresno, Merced, and Madera counties. Briefly stated, the concern is a significant loss of existing water supplies could befall current users of Friant water with catastrophic losses on the economy of the Central Valley.

### **Villarejo's Report**

A recent report authored by Dr. Don Villarejo gives an idea of the impacts that could result should water be redirected for fish in the San Joaquin River. In 2004, Dr. Villarejo looked at the Westlands Water District, located on the west side of the San Joaquin Valley, and the impact a legislated loss of water to the area had on the local economy.

His principal findings included:

- The average amount of Westlands farmland annually fallowed during 2001, 2002, and 2003 as compared with the prior period 1998-2000 increased by 42,526 acres; this increase of fallowed land represents 7% of the entire District.
- Annual total farm income of District farms in the period 2001-2003 fell by an estimated \$60 million as compared with 1998-2000.
- Eighteen District farm operations active during the 2000 crop year, and with land later earmarked for retirement, had totally closed down by 2003.
- Loss of employment associated with increased land fallowing impacted approximately 750 hired farm workers with job loss during the period 2001-2003.
- Loss of employment associated with increased land fallowing resulted in a decrease of about \$6 million in hired farm worker wages during the period 2001-2003 as compared with 1998-2000.
- The ripple effect of reduced purchases of seed, fertilizer, and other necessary farm inputs such as supplies and support services resulted in an estimated annual loss of \$23.2 million to agricultural service businesses.

With a reduction of 42,000 acres out of the total irrigable area of about 560,000 acres, Westlands farm income dropped by an estimated 5%, payroll declined by an estimated 4%, hired worker labor demand was reduced by an estimated 5% and the number of hired farm workers employed declined by an estimated 4%. The annual lost gross revenue of Westlands farms resulting from land fallowing as of the 2003 crop year was between \$60-\$65.7 million. The District says most of the imputed losses are attributed to fallowing caused by a lack of adequate water supply.

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## **Water Losses Threaten Friant Users**

Similar consequences would be inevitable within the Friant Division should the release of water from Friant Dam for environmental purposes, such as court-ordered river restoration, take place. Citrus, for example, would be significantly impacted. Within the Friant Division there are some 150,000 acres of citrus orchards. According to a California citrus study conducted by Professor Timothy Richards, Paradigm Consultant Jonathan Field, and Associate Professor Paul Patterson of Arizona State University in 2002, losses would be significant. They found for every 1,000 acres of citrus put out of production there would be a loss of \$1.7 million in output and more than \$3.4 million in total state economic activity, including almost \$1 million in employment income.

If Friant's surface water supplies were reduced, farmers would seek water elsewhere such as in underground water storages. This would lead in some areas to diminished water quality and would further the depletion of the south valley's water table. If ground water supplies diminish as occurred within the Westlands Water District, farmers in

the Friant Division would ultimately be forced to fallow land due to an inadequate water supply. That would result in major economic losses. Given the scale of water loss being suggested (760,000-1,500,000 acre-feet) economic damage would be devastating.

## **Economic Impact Studies Needed**

The Central Valley and its residents would not be the only losers. With the decrease in income and farm revenue and the lost jobs, California would suffer from tax losses. Reducing crop acreage would lead to a less diversified, more costly food supply for everyone.

As proponents of securing supplies of Friant water, the Valley Water Alliance suggests undertaking a comprehensive study that would identify economic impacts of the region prior to any attempt at river restoration. The risks of doing otherwise are simply too great to the most abundant agriculture producing region in the world.

The Valley Water Alliance believes sound science should be the basis to solve the San Joaquin Valley's water problems.

*To obtain copies of the Arizona State University California Citrus Report or Dr. Don Villarejo's Economic Impact Report please contact the Valley Water Alliance.*



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