

**DROUGHT, SUPPLY SHORTAGES AND E.S.A.  
CAN THE FARMER SURVIVE**

**JEAN P. SAGOUSPE\***

My name is Jean Sagouspe and I am a farmer from Los Banos, California. Los Banos is a small farming community on the westside of the San Joaquin Valley. I am the President of the San Luis Water District, (SLWD) which receives its water supply from the Federal Central Valley Water Project, (CVP). SLWD encompasses 52,000 acres of diverse farming acreage which includes row, field, vegetable and permanent crops.

I was born and raised in Los Banos and farm some of the same property that my family purchased in the 1930's. I have been involved in the "conversion" of desert land to highly productive agricultural land and I'm afraid I am now witnessing its return to desert conditions.

In this presentation I will review how the past six years of drought affected my operations and the local area. I will also review what we have done to minimize the impacts and how we have adjusted to survive the current drought situation. Finally, I'd like to tell you what I see for the future.

California is currently experiencing an unprecedented six years of continuous drought. The initial three years of drought had little effect on the way we did business. We had a similar experience with the '76-'77 drought. There were many lessons learned from the previous encounter with Mother Nature that were quite valuable. By taking what we learned from the first time around, we were able to make it through the first two years with minimal effect on farm operations. Generally we survived the first two years of the drought through the operational flexibility of the CVP. Although supplemental water wasn't available, we were allocated 100% of our contract supplies. By the third year the CVP's flexibility was gone and our supplies were cut in half to 1.1 acre feet per acre, (AF/AC).

---

\*President, San Luis Water District; President, Widren Water District



San Luis Water District receives virtually all of its water from CVP surface imports. We have very few wells within the district. It became apparent that with a 50% supply of water for the 1990 crop year, we would need to become more creative to handle our reduced allocation.

1990 adjustments included changes in cropping patterns. Crops were chosen that used less water but still provided an adequate amount of revenue. Making major cropping changes has a tendency to cause an imbalance in the supply and demand curve for these crops. This is precisely what happened. Methods of irrigating changed and systems were replaced, where practical. This led to more drip systems on various crops, use of sprinklers, timing the applications of water and a general expansion into the field of irrigation science. Farmers began using the help of professional firms to manage their water scheduling. Due to the high capital outlay for the systems, uncertainty of water deliveries and the ever increasing cost of the water being delivered, significant changes were difficult to achieve.

As we completed the 1990 crop year we were essentially out of water. (Normally we would have enough water remaining for fall/winter crops and/or pre-irrigation for the following crop year.) This put us in the October/November time period and still a full three months from being able to receive the next years' allocation.

The 1991 year was full of hope and despair. We were hopeful that the rains would return to normal or better, and depressed when they didn't. What eventually came out of the winter of 1991 was the continuation into our fifth dry year and allocations of only 25% of our normal contract supply, (six inches per acre).

This was the beginning of some really anxious moments. We developed management strategies for our 25% supply which basically minimized our losses so we could survive until better times returned. In addition, our water districts, whose only source of income is through water sales, began developing serious financial problems.



Previously controversial and restrictively regulated water marketing options became common place. The price of water skyrocketed to levels that none of us were prepared for. Bankers were backing out of farming commitments previously made. This also marked the first time that water availability was the prerequisite for doing business. There were massive layoffs on the farm that trickled down to related agricultural businesses. Yes, 1991 was a year like no other. There wasn't much that anyone could do except 1) purchase supplemental supplies at unreasonably high cost 2) refine our water usage over the previous year 3) and to idle land. Let me tell you that when a farmer has to idle his land you might as well cut out his heart!

The year was a financial disaster. Many farmers had gambled on the purchase of high priced supplemental well water and water from the State pool, (a statewide water clearing house). As a result of higher production costs and surprisingly low commodity prices this gamble failed. By the time the year was over many were out of business.

As we left behind the disastrous 1991 crop year, many of us felt that the worst was finally over. We would pick up the pieces, reduce the size of our operations and hope that 1992 would be better. It surely couldn't be any worse. We were wrong again; it did get worse. The record setting sixth consecutive dry year not only resulted in continued cut backs for water contractors, but initiated the implementation of the Endangered Species Act, (ESA), on the CVP operations.

The Bureau, along with agriculture, was to find themselves in a new and unique position. The Endangered Species Act was going to play a major role in our future. In the spring the Federal Bureau of Reclamation, (Bureau), announced a 0% supply to agriculture and a 50% supply for urban users. The balance of the water available was to be used for the protection of the endangered Winter Run Salmon by maintaining water quality standards and temperatures set for the Sacramento/San Joaquin Delta system.

What we had previously thought to be as bad as it gets had just gotten much worse. This meant a complete and total disaster for the Westside of the San Joaquin Valley and for much of the State as well.



The Bureau did a wonderful job managing its supplies, mitigating the fish losses and with the help of Mother Nature, was able to ultimately allocate 25% of normal water contract supplies. This was far short of what was needed but much better than zero deliveries.

There isn't much that can be done when you have successive years with cuts in water supply. More and more farmers are at the end of the line and by the end of the 1992 season, unfortunately many will not be in business.

As I look back over the past six years of drought, I ask myself what we could have done differently. I don't think we could have done much else, especially in the past three years. You have to have adequate water to survive! The percentage of savings attainable through new technology is not that significant. In many cases the capital expenditures can't be justified -- and even when they can it's difficult to get necessary financing when you have uncertain supplies, uncertain commodity prices and wildly fluctuating water costs.

As we prepare for the 21st century let's ask one question, CAN THE FARMER SURVIVE? I believe the farmer can survive but new policies must be developed that address the following issues in order to insure survival.

There will have to be fair compensation to growers willing to fallow their lands in order that others with a higher demand might use the water saved.

We must have clear understanding and fair practices for prioritizing available water and its uses. (ENVIRONMENTAL, URBAN, AGRICULTURAL)

We need to work toward major water conservation and storage projects like Los Banos Grandes Dam, Auburn Dam and the conjunctive use of water within the Sacramento and San Joaquin Valley ground water basins.

More reclaimed urban waste water needs to be diverted for agricultural and other irrigation requirements.



Before expanding development, urban areas will need to plan for and secure water supplies.

The Endangered Species Act (ESA) must not be over used by environmental groups to control water diversions, growth, and self serving interests. New Congressional Legislation needs to be carried by a courageous congress to better protect and preserve California's number one industry. (Agriculture - \$21 Billion Annual Output.\*)

There is excellent State Legislation encouraging water transfers within California. The State and Federal bureaucratic agencies need to join in the spirit of water transfers and do a better job of facilitating these transfers. Transfers are currently bottled up by the Department of Water Resources (DWR) and the United States Bureau of Reclamation (USBR). Limited rulings developed and imposed by these agencies need to be challenged and evaluated by a court of law.

Local water districts need to have better access to both Federal and State facilities for the wheeling of water. For all water conserved, reclaimed or unused, including CVP and State Project Water, (SWP), the grower/district should receive direct compensation from water marketing opportunities without excessive penalties paid for carriage losses, or wheeling cost to Federal and State agencies.

Water transfers should not be held up by Fish and Game interest beyond reasonable considerations.

The State Department of Water Resources, (DWR), should not monopolize water transfers through the State Water Bank. It should be left up to individuals and districts to strike their own deals and to compete openly with the Water Bank. Consideration needs to be given to third party effects but are being overplayed and used as a vehicle to stop or curb transfers.

Until these issues are resolved the farmer that relies on imported water will be at considerable risk. He may become the next Endangered Species.

---

\*See California Farmer September, 1992, p10, A Tough Season.