

Mr. Jose Antonio Ramirez

CITY MANAGER
The City of Firebaugh, California

Written Testimony
Before the Committee on Natural Resources,
Subcommittee on Water and Power
United States House of Representatives

Oversight Hearing

*The Immediate Federal and State Role in Addressing Uncertain Water
Deliveries for California and the Impacts on California Communities*

Washington, D.C.
January 29, 2008

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MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

It is an honor and privilege to appear before this Committee. I am glad to offer my assistance in helping you understand the difficult situation affecting our western San Joaquin Valley community, and so many other areas of California, because of recent court-ordered curtailments of water exports through pumping from the Sacramento-San Joaquin Delta. In a very real sense, we have elements of a perfect storm converging upon us, and the resulting prospects appear grim.

I am Jose Antonio Ramirez. For the past five years, I have served as the City Manager of the City of Firebaugh in Fresno County, California. My duties also include serving as the city's Economic Development Director and Airport Manager for our community of 6,000 people. Along with managing daily city operations and all aspects of economic development activities, I am responsible for the city's annual budget preparation and final budget implementation. From 2000-2003, I served as City Administrator and Planning Director of another small, rural Fresno County community, the City of Orange Cove. In both Firebaugh and Orange Cove, I have been acutely aware of negative economic and social impacts created by problems in the local agricultural industries – including effects of severe freeze damage and water supply curtailments. I am also able to view difficult water supply and related issues from the federal perspective, having served from 1997-2000 in a variety of positions within the South-Central California Area Office of the U.S. Bureau of Reclamation, an Interior Department Agency.

Our community is small but has a rich San Joaquin Valley history. Incorporated in 1914, Firebaugh has grown from a lonely ferry crossing to a small agriculturally-based city. Before the arrival of the railroad in the late 1880s, the San Joaquin River was a significant thoroughfare to the central and northern San Joaquin Valley. The ferry, located in Firebaugh, was a major crossing for prospectors heading for gold country and for travelers headed to or from the southern San Joaquin Valley. Firebaugh is one of the oldest towns on the West Side. Along with a rich agricultural base, diversity has been developing Firebaugh. New growth in manufacturing, packing and processing plants has enhanced Firebaugh's economic outlook. The river itself continues to flow alongside our city, making us the jewel of the San Joaquin.

The City of Firebaugh is located in western Fresno County, approximately 43 miles northwest of Fresno. Our city borders the San Joaquin River and Madera County. It is surrounded by highly productive farmland that is, like virtually all cropland within the San Joaquin Valley, brought to life through irrigation. Major crops grown in the area include fruits, vegetables, nuts and fiber crops including tomatoes, garlic, cantaloupes and cotton. Our farmers contribute mightily toward not only feeding and clothing our nation, but the world. Many of the farm products we produce go directly to export and, as a result, are a major positive factor in reducing the United States' balance of trade deficit.

The farming areas within the immediate Firebaugh area are served by agencies that are members of the San Joaquin River Exchange Contractors Water Authority. The Exchange Contractors are supplied by the U.S. Bureau of Reclamation with water pumped from the Delta near Tracy and delivered to Mendota Pool on the San Joaquin River through the Delta-Mendota Canal. These deliveries are made to provide the Exchange Contractors with a substitute supply of water so that their historic supplies from the San Joaquin River can be diverted upstream at Friant Dam for use in the CVP's Friant Division along the valley's East Side. Many Firebaugh residents are employed and much local business activity occurs – directly or indirectly – as a result of these farming interests. To a lesser but still very important extent, the same is true for local residents and businesses whose economic well being is supported by farming activities within the CVP's San Luis Unit, closer to the Coast Range along the valley's western fringes.

Agriculture is the foundation for Firebaugh's economy and social structure. Much of the community's early history involved an important role as a "company town" for the legendary farming company Miller & Lux. At that time, Firebaugh was not only a place for those involved in farming to live and trade, the community was a shipping center for rail transport and, to a lesser extent, riverboat transport. Firebaugh long ago ceased to be dependent upon a single farming entity (such as Miller & Lux), but it still relies upon agriculture. The Western Growers organization tells us that for every direct farm job, there are six no-farm jobs. Revenue from agriculture turns over repeatedly through the local economy. If the business of farming is somehow curtailed, the numbers of positions offered by agriculture are quickly reduced.

I emphasize this because such a situation is already occurring. The unemployment rate in the City of Firebaugh has jumped to 24%.

There are varied contributors to this unacceptably high jobless rate but the most significant involve curtailment of agricultural activity that has resulted, or which is about to result, from reductions in water supplies, particularly within lands irrigated by the CVP's San Luis Unit. The first of these reductions began in the early 1990s when Reclamation attempted to comply with the Endangered Species Act by reducing Delta water exports, exacerbating effects of a critical six year drought period (from 1987-92). Those negative impacts were followed by the 1992 passage of the Central Valley Project Improvement Act that ultimately had the effect of transferring some 1.2 million acre-feet of CVP water to environmental uses each year. Next came the drainage settlement under which so much of the land within the Westlands Water District, south of Firebaugh, is being retired. With that following came a corresponding decrease in employment as farmland went out of production.

Accompanying these developments, with greater value for water as its supplies have been shortened, have been frequent periods in which farm commodity prices for various crops have been low. Because of the simple economic rules of supply and demand, many growers have found it to be advantageous to treat water like land or crops – as a commodity that can be traded, bartered or sold. In such cases, the value of water has been transferred: We have lost the beneficial use and steered it instead to the most economic use (at least to the end user making the sale). The effect to other third party interests, such as farm workers and those involved with farm-related support businesses, tends to be depressing, with income and jobs lost.

Most recently, in 2007, came the decision by U.S. District Judge Oliver Wanger of Fresno invalidating the biological opinion covering Delta water export pumping operations. The court ordered preparation by September 15, 2008, of a new biological opinion. This biological opinion is to be prepared by the U.S. Fish and Wildlife Service to protect the Delta smelt, a species listed as threatened under the Endangered Species Act. As you know, Judge Wanger issued an order from the bench and has since formalized his ruling, ordering interim curtailments of Delta water export pumping until the new biological opinion is completed and accepted by the court. Potential impacts are still being analyzed. Initial projections are that this ruling has the potential to reduce combined State Water Project-Central Valley Project deliveries by as much as one-third, or 2 million acre-feet of water. That is more than enough to dwarf all other court-ordered reductions in statewide water supplies.

The California Department of Water Resources tells us that the court's order, issued December 14, 2007, is likely to primarily affect Delta export pumping between January and June, when juvenile Delta smelt are at greatest risk of entrainment in pumps. The "good" news is that, again according to the DWR, actual impact on water supply would depend on factors ranging from locations where adult smelt spawn and offspring hatch to levels of precipitation for the year and water temperatures affecting how quickly the fish migrate.

The bad news is that the January-June period corresponds almost perfectly with California's maximum precipitation and water runoff period – the very time when Delta pumps typically work the hardest to provide irrigation for millions of acres, drinking water for tens of millions of California residents and industrial supplies for tens of thousands of California businesses.

That will almost certainly translate into further reductions in water supplies for growers within the San Luis Unit of the CVP, which in turn means that agricultural employment, including the jobs available to many residents of the City of Firebaugh, will again be adversely impacted to the further economic and social detriment of our community and the entire West Side.

This is tremendously frustrating, and not just to me. I mentioned at the beginning of my written testimony that elements of a perfect storm are converging upon us. We have struggled for so long, over so many issues. Along with the water supply problems I have discussed, such dissimilar problems as invasive species, water quality, the energy crisis, low farm prices and the mortgage have combined to hit us in the midsection.

Still, for the past several years, the Firebaugh City Council and people of Firebaugh have joined together as never before in search of vitally needed economic development and renewal of the community's social foundation. We have made enormous strides and have much more on the drawing boards. Our people are filled with community pride and optimism that has not been seen locally for years. A big part of this effort is regional, working with other communities and agencies on the West Side Economic Development Action Plan, a task-oriented document focused on improving economic conditions. Just as some progress is being made on factors that we have a possibility of controlling and even building constructively upon, we are again hit with another water-related potential job-elimination bombshell over which we have no control, and seemingly less say, at all.

The City understands that the court's decision in the Delta smelt case was made with little apparent discretion available. It is obvious that the court laid out the limits on its authority imposed by Congress through the Endangered Species Act in the landmark snail darter case that long ago halted construction of Tellico Dam in Tennessee. In that landmark case, the Supreme Court stated the law did not provide discretion needed to reach a balanced decision "that accords with some modicum of common sense." Judge Wanger essentially said he had no wiggle room to consider economic impacts. He had to stretch to even provide for a human health and safety exception.

So, aside from the obvious economic and social consequences placed by this decision upon the people of Firebaugh and so many other parts of the West Side and California, what does it mean? What needs to be done?

It is no secret that in this case, the Delta is at risk, both environmentally and as a source of water for most of California's people, industry and agriculture.

It is, however, also clear that as long as the Endangered Species Act remains in its present form, and is used for Draconian purposes without full regard for negative effects upon human life, social institutions or the economy, that decisions of an analogous nature are likely to continue and create severe impacts upon Americans.

The ESA must be overhauled by the Congress to be fair in its application. The Endangered Species Act should not and cannot be a pawn that puts human beings and their already complex lives at economic and social risk as the price for protecting a species. The long-term solution should not be in the hands of litigation-loving environmental plaintiffs or U.S. District Judges who find their decision-writing hands legally tied by such an inflexible law. As Judge Wanger has stated himself, "It is up to the political branches of government, not the court, to solve the dilemma and dislocation created by the required application of the law."

In the invitation to testify so graciously extended by your Subcommittee, you asked what we see as respective state and federal roles in dealing with immediate impacts along with the near-term actions needed among water providers and water users to address decreased water availability.

First and foremost, every federal and state agency needs to get off its bureaucratic red tape and streamline processes as much as possible to help local and regional water agencies make the most efficient use possible of water. This is not the time for months- or years-long studies by state or federal agencies and career bureaucrats. People and communities all across the state are going to need, and demand, efficient decisions and actions to minimize water supply impacts. At the same time, we are already seeing calls for strict conservation, particularly in urban areas.

Unfortunately, federal and state water users along the West Side have endured so many water supply curtailments and water cost increases over the past 17 years that they have squeezed just about all of the irrigation efficiency that is possible out of their own operations. It is likely that if water shortages result, land will necessarily be idled and jobs will be lost. The state and federal governments must be ready to address economic hardship in rural communities such as ours, with immediate air and long-term efforts to further diversify and expand our economy.

Federal and state leaders, including this Subcommittee's distinguished members, also need to meaningfully address the key underlying culprit in this mess and, once and for all, repair the broken Delta. In California, Governor Schwarzenegger has advanced some excellent proposals to not only fix the Delta, but to repair the crucial elements of the state's water delivery system in ways that will benefit people, fish and wildlife alike. The Governor's comprehensive plan would ensure rapidly growing California has enough clean, safe water, now and into the distant future, for people, businesses, farms and environment.

The Congress and California's Legislature must provide for California's water supply needs with projects such as improved infrastructure and conveyance along with more groundwater storage and, perhaps most importantly, new surface storage like Sites Reservoir in Colusa County. On our own river, the San Joaquin, the proposed Temperance Flat Reservoir above Friant Dam and Millerton Lake has the potential to provide a water supply and suitable water temperatures required for San Joaquin River and fishery habitat restoration as envisioned in the recent settlement of San Joaquin River litigation. Temperance Flat would also provide Firebaugh with what is now completely lacking – adequate San Joaquin River flood protection – while contributing positively to better water quality along the lower San Joaquin and in the Delta.

This Subcommittee must also insist that the U.S. Fish and Wildlife Service do an adequate, but balanced, job in preparing a new biological opinion for Delta pumping. The finished product must be completed on time. It will be our hope that the Service can develop a new plan that will satisfy the Endangered Species Act's protections for the Delta smelt while minimizing long-term reductions in Delta water exports.

Finally, individuals like all of you who provide federal policy guidance and oversight must become aware of one of government's dirty little secrets. Over the years, we have lost a great deal of institutional knowledge within the federal water community as a result of retirements and career changes, many of which have occurred well before traditional retirement age. This has caused problems for local and regional water agencies and their customers because new people in leadership and managerial positions don't always see or understand either the big picture or the United States' past commitments and obligations upon which hundreds of millions, or even billions, of dollars have been invested in California and the West, both privately and publicly, over the decades. Because of my own experiences within the U.S. Bureau of Reclamation, I can tell you there is way too much reliance by the federal government on what I like to call "paper water." Federal officials in key agency positions too frequently assert (even during times of drought), "We have enough water; look at the books." Then you fly over a reservoir and see only an oversized mud puddle because of the complexities and prior agreements involved. In water short Central and Southern California, including the San Joaquin Valley and the City of Firebaugh, water has never been more precious. We must plan and manage our supplies by using only "real" water.

That is particularly true given the near certainty that there will be further litigation-spawned environmental water supply pressures applied in the fairly near future. There is also a parallel state court case pending on the Delta smelt, and another federal court case before Judge Wanger related to impacts of Delta pumps on protected salmon and steelhead. The perfect storm may well continue to deepen and worsen.

CONCLUSION

The City of Firebaugh in western Fresno County, California, is one of the oldest towns along the San Joaquin Valley's West Side. Although many efforts have been made in recent years to diversify and expand the local economy, agriculture remains Firebaugh's primary trade and industrial base.

Unfortunately, the unemployment rate in the City of Firebaugh has jumped to 24% as a result of agricultural activity being curtailed by reduced water supplies, particularly within lands irrigated by the Central Valley Project's San Luis Unit.

The most recent of these resulted in a federal court's 2007 order to reduce Delta water export pumping while a new biological opinion is prepared by the U.S. Fish and Wildlife Service to protect the Delta smelt under the Endangered Species Act. Reductions of CVP and State Water Project water supplies over much of the state are likely, as is a corresponding decrease in cultivated acreage near Firebaugh and the number of jobs it supports.

The City of Firebaugh believes:

- The Congress needs to overhaul the Endangered Species Act to mitigate its negative effects upon human life, social institutions and the economy.
- Every federal and state agency needs to streamline processes as much as possible to help local and regional water agencies make the most efficient use possible of water, minimizing lengthy studies in favor of meaningful and helpful actions.
- It is likely that if water shortages result, land will necessarily be idled and jobs will be lost. The state and federal governments must be ready to address economic hardship in rural communities such as ours, with immediate and long-term efforts to further diversify and expand our economy.
- Federal and state leaders need to meaningfully provide for repair the broken Delta, improve water infrastructure and conveyance, increase groundwater storage and develop new surface storage like Sites Reservoir in Colusa County and Temperance Flat Reservoir on the San Joaquin River above Millerton Lake.

- This Subcommittee must insist that the U.S. Fish and Wildlife Service do an adequate, but balanced, job in preparing a new biological opinion for Delta pumping, and finish the work on time.

The City of Firebaugh supports the notion, and asks that you do the same, that the statesmanlike and bipartisan efforts of your federal and state Congressional and Legislative predecessors be emulated today to meet current problems and future needs. Just as they looked ahead and made the decisions that ensured the valley's long-term viability, we ask you to examine our practical and very real enduring water needs and do the same to help adequately plan for the future of our state and region.

Thank you again for the opportunity to testify. I will be glad to answer any questions you may have.