

Six Things To Know About Central Valley Agriculture In 2015

By Joe
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Valley melon farmer Joe Del Bosque (file photo)

Credit Amy Quinton / Capital Public Radio

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2014 was a year of ups and downs for the valley's largest industry, agriculture. The year began with virtually no rain and snow and fears of another dust bowl.

And while farmers and ranchers had a tough year, most survived and some even thrived. Rising milk prices boosted the bottom line for California dairymen and women and crops like tomatoes actually set new records.

So what will 2015 bring? We asked two industry experts to join us and offer their perspectives on six issues that will help define the valley's largest industry in the new year:

- Ryan Jacobsen, Executive Director for the Fresno County Farm Bureau
- Tricia Stever Blattler, Executive Director for the Tulare County Farm Bureau

Water remains a big concern for valley farmers in 2015.
(file photo)

Credit John Chacon / California Department of Water Resources

1) New Water Regulations Are An Unknown For Farmers

It's no surprise that water tops the list of concerns for valley farmers and ranchers going into 2015. But while concerns about having an adequate supply are nothing new, another aspect of the water world is: groundwater regulation. Blattler says developing new local groundwater management agencies will be the biggest issue facing local farmers this year:



Blattler: "This is not a farm related issue, this is not just a city or urban related issue. These new groundwater management bills are really going to impact everyone in this state and everyone that relies on some extraction of groundwater. And so the hard work is about to begin, and that is developing a plan for how to develop a groundwater agency between now and 2017. This is not just a conversation that needs to happen between local governments. This is a conversation that needs to involve private landowners, because this is going to kick off the next 20 years of groundwater management and planing in the state and agriculture must be a part of that conversation from the very beginning."

Jacobsen says that the issue of depleted groundwater supplies is directly related to the lack of reliable surface water deliveries via the state and federal water projects that serve many valley farms.

Jacobsen: "We had a surface supply that dwindled down to nothing this year. And now all of a sudden within that same timeframe we had the development of these groundwater regulations. And that's where the frustrating part was, from a legislator and regulator point of view is they really looked at these as two separate isolated issues, the one issue is driving the other. The lack of a surface supply is driving some of the groundwater issues we've seen up and down the valley."

Those water woes spelled big problems for Fresno County growers in recent years. One of the biggest local ag stories of 2014 was found in the annual crop reports, which for the first time in recent memory had Fresno County unseated from its traditional spot as the nation's number one agriculture county in terms of crop value. Tulare County took the crown last year, buoyed in part by rising dairy prices. But Blattler says that trend could reverse itself this year, especially if milk prices continue to fall.

Almonds are one of the most profitable crops for valley growers.

Credit Joe Moore / Valley Public Radio

2) Will The Almond Boom Continue?

One trend from the past that's likely to continue in 2015 is the growth in almond acreage, even despite California's drought and concerns about water. According to Jacobsen the continued growth in almond production is fueled by international demand and a desire by farmers for a crop with a harvest that is highly mechanized. Still, the race to plant more almonds has a least a few in the valley concerned about a possible almond "bubble."



Blattler: "There is certainly some reservation and some concern about some of the conversion of some of our poor quality soils to the supporting of these permanent crops. Orchards are doing very well right now, we know nut crops are experiencing some very good prices and unfortunately when we see some of that explosion in that one commodity sector, we know that there could be lying ahead of us a bubble that could pop."

But Jacobsen says fears of an almond bubble are unfounded. He says international demand and a weak dollar mean farmers call sell all the almonds they can produce.

Jacobsen: "When it comes to the simply supply issue, the demand is out there. When you talk about the almond market in California, it is obviously globally driven...the real driving or limiting factor when it comes to how many almonds we can sell really comes down to the value of currency, the U.S. currency in comparison with other parts of the world."

3) There's More Talk About Retiring Some Valley Farmland, Even Among Farmers

Another issue of concern according to Blattler is the possibility that the valley's precarious water situation could lead more farmers to let their fields go fallow. Of special concern is the sustainability of converting marginal land to permanent crops. She says while some farmers are already choosing not to plant seasonal crops this year and instead will leave their fields empty, the new groundwater regulations could make the conversation an even higher priority.

Blattler: One of the tools that probably brings a lot of fear and uncertainty out of the dark but also has to be addressed is the question of how much land can we support under cultivation. How much land should be farmed, and is there a point where we reach some type of critical mass where we just don't have the water resources to support any more farmland? There's a very unpleasant dialogue out there that's kind of in the shadows still about idling farmland and whether we'll go into voluntary fallowing programs.

4) In The Battle Of Grapes vs. Nuts, Nuts Are Winning

Much of the boom in almond and other nut crops has come at the expense of one of the valley's traditional strengths -

raisins and table grapes. Vineyards across the valley are being ripped up this year to be replaced with higher value crops that require less labor. Jacobsen, whose family grows grapes in Fresno County says this trend will benefit current grape growers by driving up prices, but it's part of a larger trend away from a historic valley crop.

Jacobsen: "We're seeing a demographic change in the crops in the valley. Farmers are trying to move away from labor intensive crops...When you go to a tree crop, not that human hands aren't important, but so much of it is mechanized versus a table grape which is so heavily intensive on hand labor that makes it difficult. And without knowing we're going to have a reliable labor supply in the future, a lot of these farmers have made the decision to move away."

Dairies could face another price crunch in 2015.

Credit Joe Moore / Valley Public Radio

5) Falling Milk Prices Could Mean Hard Times For Small Valley Dairies

One area of concern for valley agriculture officials involves the health of local dairies in 2015. A drop in milk prices that began last year is expected by many to continue, thanks to a glut of milk on the international market. That could mean the recovery which boosted the fortunes of valley dairy operators in 2013 and early 2014 could be short lived.



Blattler: "There is concern about there being a lot of milk on the market right now. We've seen some really big highs and we've seen some really big lows in terms of volatility in the milk pricing formula. And I think in California the one thing that dairy producers have learned to plan for is that volatility."

Blattler says the valley's largest dairies have the equity to survive another downturn and have diversified their operations, not only growing their own feed, but also in many cases branching out into nut orchards and other permanent crops. But she says smaller dairies of less than 1,000 head are at risk.

Blattler: "The larger dairies tend to be a little bit at an advantage in terms of having equity in their business model and some of our smallest dairies that I think are always at the greatest threat of not making it through another downturn cycle."

Jacobsen shares that concern about rising costs and dropping prices putting a squeeze on dairy operators.

Jacobsen: "I'm very concerned about this time, not that I wasn't concerned about the last downcycle we went through. The last downcycle actually lasted, it depends who you talk to, but let's just say three years. We lost family dairymen up and down the state like we've never seen before. A lot of them came through stronger and figured out the way to efficiently as best possible run their dairies. And we did see some good times going back to 2013 and 2014, the first half was good. We're starting to go through that downcycle again."

6) Immigration Changes And An Improving Economy Could Lead To Labor Shortages

Valley farmers have been among the groups advocating for Congress to pass an immigration reform bill. But what will President Obama's recent executive action on immigration mean for the local ag economy? Ryan Jacobsen says it's too soon to know how the order will impact the local labor supply, but some have suggested that with more undocumented immigrants receiving deportation relief, some might leave the agriculture workforce.

However another issue could also lead to labor shortages according to Jacobsen - the improving economy.

Jacobsen: "I think what's going to be one of the larger gains quite honestly is just the recovering economy. Prior to the crash, going back to 2007, 2008, 2009, we had some major ag shortages up and down the valley, up and down the state particularly here locally. Things probably loosened up here a little bit when the economy tanked and quite honestly a lot of folks came back to agriculture that moved over to the construction industry and other types of trades up and down the valley. As we continue to come out of this great recession, it's probably a good assumption at this point that some of these folks will leave agriculture and go back to some of these other types of trade positions, and I think we're going to be in the same position we were in."