

# Price, risk weigh heavily on farmers who would draw from Delta water tunnels

By Dale Kasler and Ryan Sabalow  
dkasler@sacbee.com

Grape and pistachio farmer Mike Stearns is something of a big deal in California water circles, leader of a regional agency that operates a critical piece of the state's man-made plumbing system.

But in this humbling fourth year of drought, Stearns can barely irrigate half of his Fresno County farm. More than 2,700 acres sit idle, with leftover tufts of cotton lying in the weeds and cartoonish dust devils sprouting from the cracked soil.

Little wonder that Stearns welcomes the promise embodied in Gov. Jerry Brown's plan to build a pair of tunnels around the Sacramento-San Joaquin Delta, 90 miles north, a project designed to enhance the delivery of water that gets pumped south and west from the fragile estuary.

But as much as he likes the concept, Stearns isn't sure it makes financial sense for him.

Sometime over the next year or so, Stearns and several thousand other farmers from Tracy to Bakersfield will decide the fate of a project that's supposed to resuscitate their parched San Joaquin Valley farms while stabilizing the delivery of drinking water to 25 million Southern Californians.

These farmers, along with a handful of large, urban water agencies in western and Southern California that also rely on water shipped through the Delta, would shoulder the entire cost of the tunnels, \$15.5 billion at last count. Whether they'll agree to do so is shaping up as a close call. Although the urban agencies – including the influential Metropolitan Water District of Southern California – appear to support the project, the sprawling agricultural districts that will tip the scales aren't so sure.

The cost would be substantial and the benefits unclear. Under the plan, shipments of water from the Delta could actually decline slightly, compared with historical averages, although state officials say those deliveries would become more dependable. Farmers, distrustful of environmental regulations that govern the movement of water through the Delta, want more certainty than that.

"We need the tunnels, but can't afford them if we're going to be subject to the same level of regulation, and (have) no guarantees or assurances that we will even get any water," said Stearns, chairman of the San Luis & Delta-Mendota Water Authority, which delivers Central Valley Project water to much of the west side of the valley. "That's the big hang-up."

The risks to farmers are considerable. Potential benefits could be as many as 15 years away, when the tunnels would become operational. The project could double farmers' water costs, to as much as \$400 per acre-foot. If they commit to the tunnels, growers essentially would be gambling that prices of critically important crops such as almonds and pistachios would stay high for years to come.

"Think about the magnitude of that decision for these farmers and their families," said Jim Beck, general manager of the Kern County Water Agency, a collection of water districts at the southern end of the valley. "It's the most significant decision most will make in their careers."

For all their hesitation, farmers already have invested heavily in the project. Agricultural districts and urban agencies have spent a combined \$250 million on environmental reviews and other pre-development costs for the tunnels over

the last decade. Yet patience is growing thin.

“We’ve spent \$250 million, we’ve spent 10 years developing this project, and we’ve accomplished very little,” said Tom Birmingham, general manager of the powerful [Westlands Water District](#) west of Fresno. “We haven’t saved a fish, we haven’t produced a drop of water, we have a roomful of paper. That’s very frustrating.”

Birmingham said farmers aren’t demanding hard-and-fast guarantees about how much water the tunnels would deliver, but “we’d love to have some level of comfort.”

Some growers would prefer what they consider a simpler fix for California’s water network: revise the Endangered Species Act in order to devote more water to agriculture and less to nearly extinct fish such as the Delta smelt. A bill that passed the Republican-controlled House of Representatives takes exactly that course, but its prospects for becoming law are uncertain.

“We’re losing our water to an extinct species,” said Keith Gardiner, a farmer in the Wasco area near Bakersfield. “All the while, we’re in danger of going extinct here in Kern County.”

### **‘We need to try everything’**

Even as they rail at what they see as misplaced environmental concerns, many in agriculture acknowledge that a thorough overhaul of the state’s plumbing system needs to happen. Environmental limitations and four years of drought have slowed water shipments from the Delta to a relative trickle. The [State Water Project](#), built in the 1960s by Brown’s father, Gov. Pat Brown, is delivering just 20 percent of its promised allotment. The U.S. government’s Central Valley Project is making zero deliveries for the second straight year to many of its south-of-Delta customers, including Westlands and other districts in the San Luis & Delta-Mendota territory.

To compensate, farmers are buying water from senior water rights holders in the north state, where fresh water is more plentiful, and furiously pumping groundwater. But aquifers are receding, and statewide restrictions on groundwater pumping are coming in 2020. Many experts believe that tens of thousands of acres of farmland will be permanently idled if the surface-water supply isn’t improved. The tunnels might represent the last, best opportunity to keep a large agricultural presence alive south of the Delta.

Westlands grower John Harris, whose well-known Harris Ranch has fallowed thousands of acres during the past two years, summed up agriculture’s conflicted view of the Delta tunnels project this way:

“My main concern on the tunnels is that they could cost too much and yield so little new water that they may not be an economic investment,” he said in an email. “But there are so many perils facing the California water supply that we need to try everything.”

[California WaterFix](#), as the project is known, is probably the most talked-about water infrastructure project the state has seen in decades. The plan calls for building two 30-mile tunnels, 40 feet in diameter, that would draw water from intake facilities on the east bank of the Sacramento River between Clarksburg and Courtland, and route it around the Delta to the existing pumping plants near Tracy. From there, the water would be diverted west to Silicon Valley and south to the San Joaquin Valley and on to Los Angeles and San Diego.

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Jim Beck, general manager, Kern County Water Agency

Officials aren’t promising the project would return the Delta’s ecosystem to its former state, before decades of pumping led to catastrophic collapses in fish populations. But they say the tunnels, along with a parallel habitat restoration plan, would stabilize and improve environmental conditions in the estuary. “The ecological problems with the current system could be greatly reduced,” the state Department of Water Resources said in an environmental

impact statement released last month.

These plumbing improvements, by enhancing protections for fish, would enable operators of the state and federal pumping projects to ship water south more reliably. Proponents say it would be particularly beneficial in wet years to fill reservoirs and recharge underground water banks that can be drawn on in droughts.

Many environmentalists, however, say the project would worsen conditions in the Delta and put its endangered fish population in even greater peril. Northern California elected officials have branded it a “water grab” engineered by monied agricultural and urban interests south of the Delta. Farmers in the Delta, one of the most fertile agricultural regions in the state, say diverting much of the Sacramento River’s flow into the tunnels would ruin the quality of water they use.

Another issue: By raising water prices, the tunnels likely would increase farmers’ reliance on [thirsty, permanent crops such as almonds](#), which generate big profits but have become controversial in the drought. Because almond orchards can’t be fallowed, their expanded footprint increases the pressure on the state’s water supplies during extended dry periods.

## Dollars and cents

While the debate rages over environmental impacts, it’s likely the decision on whether the tunnels get built will boil down to dollars and cents. State officials and their partner in the project, the U.S. Bureau of Reclamation, are trying to persuade the south-of-Delta water agencies to commit to funding the project.

Essentially, the costs would be allocated according to water usage. For instance, Metropolitan takes about 30 percent of all the water pumped out of the Delta and would expect to pay 30 percent of the tunnels’ cost, or \$4.6 billion. But lots of details need to be worked out, including how to treat agencies that opt out of the project.

“Figuring out how the financing is going to happen, and how it’s going to be spread, is the next step,” said Erin Curtis, a spokeswoman for Reclamation. “We’re turning our attention to that now.”

Proponents believe the severity of the drought will bring more water agencies into the fold. Farmers who thought their water supplies were ironclad are now discovering the virtues of the project, said Mark Cowin, director of the [state Department of Water Resources](#).

“I think that these last three or four years of drought have radically changed the perspective of even the ag folks who thought they had the most secure, senior water rights,” said Cowin, whose agency is leading the charge on the project.

Cowin said the project doesn’t need 100 percent buy-in from the water districts, but a “critical mass” is vital. He expects to get approval from the urban agencies: Metropolitan in Southern California and the Santa Clara Valley Water District in Silicon Valley. They can spread the costs over millions of ratepayers, making the project relatively affordable.

“I think at the end of the day it will probably happen,” said Roger Patterson, assistant general manager at Metropolitan

For agriculture – facing a doubling of water costs – the economics aren’t quite as easy to swallow. “Can ag afford this investment? That’s the question we’ll need to answer,” Cowin said.

The answer, so far, is a very qualified “yes.” The water would still probably be affordable for many farmers, depending on what they grow and whether crop prices stay healthy. Sky-high values for almonds and pistachios, increasingly the commodity of choice in the valley, would make the tunnels a good buy, said Kettleman City farmer Ted Page, chairman of the [Kern County Water Agency](#).

“At \$4 almonds? Come on. \$3.50 pistachios?” said Page, quoting per-pound prices being paid to farmers. “I want this

project because it's the only way we'll ever be able to have enough water.”

Exactly how much water will farmers get? Figuring that out depends greatly on the Delta's complicated plumbing system.

Currently, a portion of the Delta's flow is sucked into the federal and state pumping plants near Tracy. The process reverses the estuary's natural flow at critical points and pulls fish toward predators and other perils. To protect fish, the pumps are shut down periodically, and more water flows to the ocean. In 2012 alone, Cowin said, pump shutdowns necessitated by the “reverse flow” problem deprived south-of-Delta customers of 800,000 acre-feet of water they were expecting.

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Mark Cowin, director, California Department of Water Resources

Cowin said the tunnels would reduce the “reverse flow” problem significantly by diverting about half of the Sacramento River's flow into the tunnels at Courtland, from where the water would flow to Tracy. There, the giant pumps could do their job – shipping water south – with far less harm to fish.

Cowin said the tunnels would be particularly helpful to state and federal water customers in wet years. Gobs of water could be moved south with fewer interruptions in pumping.

Cowin said federal and state contractors could expect average annual deliveries of 4.9 million acre-feet. That's down slightly from the historical average of 5.2 million. But it's a lot more than contractors have been getting in recent years. The 2015 deliveries, to state and federal customers combined, are expected to total 1.6 million acre-feet.

“It's not a question of ‘Do I want 5.2 (million) or 4.9?’ ” Cowin said. “It's a question of ‘Do I want 4.9 or 3.5 or 3, or shut down the facilities altogether over time?’ ”

Even as Cowin touts increased reliability, many farmers still have questions. They are particularly displeased that the Brown administration, bowing to [concerns from federal environmental regulators](#), gave up on seeking a 50-year permit for the project. Instead, the tunnels would operate on a year-to-year basis. Farmers say this could give environmental regulators the authority to shut down their exports at a whim.

More broadly, many in agriculture simply question the state's ability to make good on the tunnels' benefits. The state's promises give them an unsettling sense of déjà vu.

At a recent drought conference in Bakersfield, farmers recalled how their fathers and grandfathers agreed to share the costs to build Lake Oroville, the California Aqueduct and other pieces of the State Water Project decades ago. The agricultural contractors are still paying for the project, to the tune of hundreds of millions of dollars a year, even as water shipments have dwindled in volume.

Now farmers are being urged to kick in additional money to keep water flowing down the very canals their forefathers financed.

“We're being asked to fix it again,” said Jason Gianquinto, general manager of the Semitropic Water Storage District in northwest Kern County. “That's tough to swallow.”

Dale Kasler: [916-321-1066](tel:916-321-1066), [@dakasler](https://twitter.com/dakasler)

## **To build or not?**

Gov. Jerry Brown's plan for twin tunnels around the Delta depends on water districts in Southern California and the San Joaquin Valley, customers of the State Water Project and Central Valley Project, agreeing to shoulder the \$15.5

billion cost.

**San Luis & Delta-Mendota Water Authority:** Wholesaler that delivers federal Central Valley Project water, primarily to farmers covering 2.1 million acres in 29 separate districts. Zero CVP water deliveries in 2014 and 2015.

Where they stand: “We’re going to have to come up with a lot more money and there is still no guarantee we would even get it constructed. So people are really concerned.” -- Mike Stearns, chairman.

**Westlands Water District:** Largest member of San Luis authority. Powerful, well-connected voice in California water, wary of costs but eager to improve reliability of water deliveries.

Where they stand: “They may not be an economic investment. But...we need to try everything.” – John Harris, head of Harris Ranch.

**Friant water users:** Collection of farmers irrigating 1 million acres with CVP water. Saddled with weak water rights, lost their CVP allocation in 2014 and 2015 to San Joaquin River Exchange Contractors. Benefit from tunnels uncertain.

Where they stand: “I don’t have a lot of faith in Gov. Brown.” – Kole Upton, chairman, Friant North Alliance.

**San Joaquin River Exchange Contractors Water Authority:** Just 240,000 acres of land but special legal rights. Receiving 50 percent allotment from CVP this year.

Where they stand: “If they can show us a benefit or an increase in reliability...we will definitely take a look at that.” – Steve Chedester, executive director.

**Kern County Water Agency:** SWP contractors covering 674,000 acres. Getting 20 percent of normal SWP allotment, but other sources available.

Where they stand: “We need the pipeline to be fixed in order to have better opportunity to manage the storage opportunities that are out there.” -- Jim Beck, general manager.

**Metropolitan Water District of Southern California:** One of the major players in California water, serving 19 million urban residents. SWP contractor and one of the tunnels’ strongest supporters.

Where they stand: “I think at the end of the day it will probably happen.” -- Roger Patterson, assistant general manager.

**Santa Clara Valley Water District:** SWP and CVP contractor serving 1.9 million residents of Silicon Valley. Relies on Delta deliveries for 40 percent of its total supply.

Where they stand: “The proposed tunnels...guard against major supply disruptions in the Delta, for instance due to earthquakes or widespread levee failure.” – district policy statement in May.