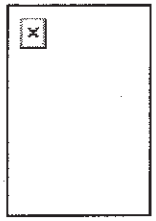
CALIFORNIA FOOD PRODUCTION & PROCESSING COALITION

Salinity-1/31/06
Workshop

CALIFORNIA
FARM BUREAU
FEDERATION

DAIRY INSTITUTE of California



January 20, 2006

Selica Potter
Acting Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Dear Ms. Potter:

On behalf of the California Food Production and Processing Coalition, I would like to submit the following comments for the upcoming SWRCB and CVRWQCB January 31 Joint Public Workshop on Salinity Issues in the Central Valley.

The California Food Production and Processing Coalition would like to express our appreciation to the State & Regional Boards for conducting this Workshop on such a timely and important issue. The Coalition views this Workshop as a critical step toward the development of economic and environmentally sustainable statewide water quality objectives for the food processing industry. We look forward to working with the respective Boards toward this end.

Sincerely,

Michael Boccadoro

Michael Boccadoro

COMMENTS OF THE CALIFORNIA FOOD PRODUCTION AND PROCESSING COALITION

STATE WATER RESOURCES CONTROL BOARD AND CENTRAL VALLEY REGIONAL BOARD WORKSHOP ON SALINITY ISSUES IN THE CENTRAL VALLEY

I. Introduction

The California Food Production and Processing Coalition is an ad-hoc working group of food production and food processing trade associations and individual companies. The Coalition's efforts are focused on establishing and maintaining an environmentally and economically sustainable and science-based regulatory structure for process water in California. The Coalition would like to express its appreciation to the State Board and Central Valley Regional Water Board for conducting this workshop on such an important and emerging issue. We truly hope this workshop is the beginning of a broader discussion for interested parties to come together to find solutions for identifying and mitigating, as appropriate, the salt impacts to the waters of the Central Valley.

Dr. Karl Longley, a highly respected Fresno State professor and long-time regulator on the Central Valley Regional Water Quality Control Board, has correctly described the salt management issue as a "**dilemma**," or in Webster's words, "**a predicament that seemingly defies a satisfactory solution**."

Like any dilemma, it will require further study, open and effective discussion and thorough consideration of solutions. We must better understand the issue and its implications rather than simply reacting with unsuccessful attempts at resolution. Solving the salt dilemma will also require regulators to carefully balance environmental and economic considerations, as required by the Porter-Cologne Act. The salt issue has broad implications for the Central Valley economy, the state and society as a whole.

Water quality is an issue that touches each and every resident of the state. Degradation is a consequence of water use. Each time we wash our hands, flush our toilets, water our gardens, irrigate crops, process cheese, or other food products, or manufacture widgets, we impact the quality of our water. And, as our state continues to grow, there is greater demand for water; more hands to wash, more toilets to flush and more jobs that need to be created.

It is critical in addressing a large scale issue such as salinity that the State and Regional Boards consider their proper role, as defined by the Porter-Cologne Act. This act envisions a balancing approach that considers all aspects of water use, from a perspective of protecting and restoring the state's water resources to improve the quality of life for all. The Porter-Cologne Act does not treat protection of water quality as a process of eliminating all traces of human settlement or economic activity from a given setting, and the Boards must take care to avoid this approach.

II. Efforts by the Food Processing Industry to Address Salinity Issues

Food processors in California strive to be good environmental stewards because their livelihoods are directly dependant on maintaining productive land and water resources. Over the course of the last decade the food processing industry has invested significant time and resources into addressing water use and quality issues. Their focus has been on four areas: conservation, recycling, source control, and proper disposal of wastewater.

As a result of the drought conditions in the 1970's and concerns about the rising demand for limited water supplies, the State Water Resources Control Board established policies to encourage water conservation and recycling. The food processing industry responded by initiating and supporting a number of research initiatives, including water accounting studies and efficiency improvement demonstration projects. Most processors have used this information to reduce water use in their operations.

However, as the amount of water used during processing was reduced, the concentration of salinity in the process water tended to increase. To address this problem many processors have implemented source control measures, such as the reduced use of water softeners and some cleaning solutions. Systems have been altered to divert and segregate salty waste streams for disposal. In some cases (e.g., tomato peeling) processing considerations or technical factors have limited how much could be accomplished through source control measures. Further research will be necessary to find new ways to minimize or isolate salts during production processes.

Despite a considerable reduction in water use, food processing still generates large amounts of rinse and process water, which must be sent either to a publicly-owned treatment works (POTW) or applied to farm land. Due to California's rapid population growth, many municipal facilities are facing capacity restrictions and limiting the intake of some materials. Well-managed land application is a sustainable alternative in which water is recycled to provide valuable soil nutrients and irrigation water for crops. Properly managed, land application is an effective technique for management of organic and nitrogen constituents in the waste stream. However, plants have limited ability to uptake inorganic salinity constituents, so rinse and process water cannot be applied above the loading rates appropriate for the crop and local soil conditions. Processors are continuing to develop procedures to ensure that land application minimizes the potential threat to groundwater and are working with State and Regional Board staff and technical experts to develop best management practices and environmental quality assurance programs.

It must also be noted that no treatment exists that can be used by food processors to eliminate salts. Reverse osmosis is a "treatment" only in the sense that it separates out a stream of highly concentrated brine. There are few options for disposing of the brine, and most involve incurring considerable expense and generating air pollution to haul large volumes of the material to the few approved disposal sites in the State. Even if the brine disposal issue could be resolved, reverse osmosis systems are very expensive to construct, energy intensive to operate, and require dramatic increases in the use of

cleaning agents which directly increase discharge salinity concentrations. As a result, reverse-osmosis is not an environmentally and economically viable solution for food processors.

The food processing industry has made great strides in complying with environmental regulations and addressing wastewater issues in a responsible manner. Nonetheless, the industry remains concerned about the regulatory standards that may be applied to their operations. It would be virtually impossible for processors to comply with the State Board's anti-degradation policy if that policy is strictly interpreted to mean *zero* degradation, or that processors be required to treat their effluent to a higher standard than their source water as is currently the requirement for the Hilmar Cheese Company. Regulations and permit conditions must be based on sound science, achievable goals, and must consider the long term financial impact on all stakeholders. If policies to address the salinity dilemma are inconsistent, economically infeasible, or technically unsound they will have a profoundly negative affect on the business climate in the State and the salinity dilemma will remain unresolved.

III. Economic Impact on the Central Valley

Coalition members remain concerned that dramatic shifts in regulations without appropriate scientific and economic analysis presents a potentially significant threat to the ongoing viability of the food processing industry in California. The uncertainty created by the current regulatory climate creates a chilling effect on the investments required to improve food processing industry environmental processes and their ability to remain globally competitive.

California's food production and processing industry constitutes an essential part of the state economy. Farm production is linked to several other industries: the production of farm inputs, the processing of food and beverages, the textile industry, as well as transportation and banking services. The California agri-business sector from farm to fork is an important share of total employment and the State's gross state product. **The total agribusiness sector represents 18.2 percent of total employment in the State and 12.7 of Gross State Product (GSP).**

For every dollar generated by farming and agricultural related industries, there is an additional $1.28 of Gross State Product. For every 100 jobs created in agriculture, including the food industry, there are 94 additional jobs created throughout the state. Clearly, California farms have a major impact on the entire state's economy. Farm sales lead to additional economic activity at the processing industry and the services sector. As food production activities are eliminated a significant portion of the state's economy would also stop functioning. The economic ramifications of a dramatic shift in the cost or restrictions on food and wine processing can also make California's food production and processing industry less competitive globally and could potentially cause significant economic disruption in California.

The Central Valley of California, where a majority of the State's food processing activity is centered, covers an area approximately 450 miles long by 50 miles wide. The climate, soil and water in this area are uniquely suited to agriculture, and the area has a long history of high productivity. This is one of the region's global strategic advantages.

For the Central Valley's regional economy in particular, the food production and processing industry are even more significant than for the state as a whole. Total benefits (direct, indirect, and induced) of agriculture and the food industry in the region show that they account for **24 percent of employment, 18.5 percent of income, and 22 percent of regional gross value.**

In the San Joaquin Valley region, the importance of agriculture is even greater. Considering direct, indirect and induced effects, the food production and processing industry accounts for **38 percent of the regional employment, about 30 percent of the regional labor income, and 34 percent of the regional total value added.**

These jobs and income are critical to the viability of the region, as discussed in the January 2005 report, "The State of the Great Central Valley of California: The Economy," prepared by the Great Valley Center, a private non-profit, non-partisan organization. The report identified major ongoing economic challenges in the Central Valley, as follows:

- Low per capita income;
- High unemployment;
- Housing; and
- Rapidly growing population.

Of the six recommendations that the organization provided to address these challenges, the number one recommendation was to maintain agriculture as a core industry.

Considering that unemployment levels in the Valley are already considerably higher than the state average, the Great Valley Center concluded that the region could not absorb the loss of jobs and further downward pressure on wages that would occur if agriculture were displaced.

Californians benefit indirectly from agriculture, particularly as sustainable approaches and good stewardship practices for land management are adopted. Agriculture helps to preserve open space and wildlife habitat, provides erosion control, contributes to improved community and worker health, and ensures a safe, local, nutritious food supply.

With good stewardship, the benefits of agricultural include protecting the health of environmentally sensitive lands, recharging groundwater, controlling urban runoff, improving water quality, providing water for wetland protection and restoration, reducing costs to the State for flood management, and aiding riparian reforestation and management projects. Agricultural land stewardship can be part of a regional strategy for

urban growth management, and provides a return on investment by placing a value on healthy communities and their quality of life.

California agricultural production is clearly a key economic driver for the State as a whole, and the Central Valley in particular. Residents also benefit from the availability of a wide variety of fresh foods, the environmental protection afforded by sustainable land use management techniques, and access to a secure local food supply.

IV. Next Steps

The salt management issues faced by the food processing industry are not unique to this industry, but involve every user of potable water. While salinity is a problem in the Central Valley, it is a statewide issue that must be addressed.

As this process moves forward, the food production and processing industry is hopeful that the State and Regional Boards remain cognizant of the scope of the salinity problem. The Food Production and Processing Coalition encourages the respective boards to consider future action within this context and encourage best management practices that assist in alleviating the problem without raising other regulatory burdens.

In order to frame this issue properly, there remain a number of currently unresolved regulatory schemes that exacerbate the current salinity dilemma. Chief among these issues is the "anti-degradation" policy. Our industry faces conflicting and confusing direction as to the intent and application of this policy, both across regional boundary lines and quite often within them. We feel careful and studied clarification of this policy, with input from all parties, will assist the State and Regional Boards in better framing the salinity dilemma.

This issue has also been worsened by the funding limitations that have prevented the proper review on the application of the anti-degradation policy under the various Basin Plans, required by the federal Clean Water Act. The current "band-aid" approach has inhibited a broad review of this policy, and limited the ability of the industry to provide input towards the application of this policy. Many of these basin plans were formulated more than 30 years ago, when the population of the state of California was half of what it is today. Clear and consistent revision of these antiquated Basin Plans with broad stakeholder input is needed to address the salinity problem in a fair and equitable manner.

Certainly, it must also be noted that the Central Valley is not unique in facing salinity problems, as other region's salinity probems highlight the need for a coordinated statewide approach to provide a comprehensive overhaul of the Basin Plans.

As we have discussed, there is no readily available disposal outlet for salts in the Central Valley. In charting a plan for the State and Regional Boards to address the salinity issue, it is abundantly clear that there is a strong need for a comprehensive solution on how to manage and dispose of salts in the Central Valley. The food processing industry, POTWs and others have made significant investments to address salinity issues, but as yet no viable, workable solution has been found to address salts.

We are hopeful that through this process, a viable solution can be identified, and a proper regulatory scheme created, to provide the industry with the tools to address salinity problems in an effective and economically sustainable manner.

The food processing and production industry strongly urges the State and Regional Boards to develop an open process to address these issues. The process must be open to the public with a meaningful role for stakeholders, so as to tap the experience and knowledge of the industry in these matters.

The process should involve active participation by both the State Water Resources Control Board and the Central Valley Regional Board, and the process should comply with the California Administrative Procedure Act. At a minimum, any rulemaking process should include consideration of economic and social impacts, as well as adherence to normal rulemaking procedures.

V. Conclusion

On June 23, 2005, Dr. Karl Longley stated, "A compelling need exists for interested parties to come together to find solutions for mitigating the salt impacts to the waters of the Central Valley."

The California Food Processing and Production Coalition concurs.

It remains important for all of us to recognize that the salt management issue was not created overnight and it will not be solved overnight. This is an issue of long-term accumulation. Accordingly, environmental and economically sustainable long-term solutions will also take time, careful consideration and balance. The important thing is that we are beginning to better understand this dilemma, its implications and possible solutions. Finding balanced solutions to this dilemma will take the combined foresight and resolve of all of us working together.

Members of the California Food Production and Processing Coalition look forward to working with the State and Regional Boards towards that end.