

DRAFT Meeting Summary

Long-term Irrigated Lands Regulatory Program (ILRP) Economic Analysis General Stakeholder Meeting

MEETING DATE: February 18, 2010

LOCATION: Central Valley Regional Water Quality Control Board
11020 Sun Center Drive, #200
Rancho Cordova, CA 95670-6114

ATTENDEES: See Attachment A

Action Items

1. Central Valley Water Board staff (staff) will post a description of the Central Valley Production Model (CVPM) on the ILRP website at:
http://www.swrcb.ca.gov/rwqcb5/water_issues/irrigated_lands/long_term_program_development/index.shtml.
2. Staff will post meeting summaries from the ILRP agricultural and environmental/environmental justice workgroups online at the website listed above.

Announcements and Updates

Joe Karkoski and Adam Laputz, staff, opened the meeting and provided updates on the ILRP timeline and progress of the small workgroups. The timeline for development of the ILRP is at the website listed above. Key dates include the release of the preliminary staff report in May 2010, and the release of the draft Environmental Impact Report (EIR) for the ILRP in July of 2010. The Central Valley Water Board will likely consider approval of a final EIR and long-term ILRP in February/March 2011.

Staff indicated that the small workgroups expressed interest in seeing a straw proposal staff recommended alternative as soon as possible. The proposal would be preliminary and potentially subject to revisions depending on the outcome of the draft EIR and economic analysis. Staff will work to provide the straw proposal as soon as possible for discussion with the small workgroups.

In addition to the EIR process, four topic-specific work groups have formed to discuss agricultural, environmental/environmental justice, organic farming, and State agency issues in relation to the economics analysis for the EIR. The agricultural and environmental/environmental justice workgroups met in January and February of 2010. Concerns and considerations brought up during these first meetings included:

- Data sources used for the economics analysis must be accurate and reflect current conditions.
- The monitoring component in Alternative 3 is still to be determined, but must be included in the analysis.
- Potential costs to small communities to correct water supply contamination should be considered.

Meeting participants provided comments on the workgroup input. Key themes from the discussion included:

- The need to avoid going beyond the scope of the ILRP and getting into remediation for contaminated basins.
- The need to ensure that any water rate hikes to the regulated community do not inadvertently harm rural communities.
- The amount of information missing from the current data sets could affect the EIR process (e.g., sources of contamination are not generally known). Although data suggests that there are problems associated with agricultural discharge, it is important to know where the problems are originating.

Assumptions for the Economic Analysis

Staff led a discussion of the draft assumptions that will be used in the economic analysis. All assumptions are captured in the document “Draft Assumptions: Long-term Irrigated Lands Regulatory Program EIR and Economics Analysis” and available online at the website listed on page 1. The following conversation was recorded:

- Staff time estimates for all assumptions are based on current program data or similar Water Board programs. Administrative costs (estimated for the Water Board and private organizations) should be included in the analysis.
- A benefits analysis could be useful for the overall economic analysis, though benefits (especially environmental) are difficult to quantify.
- The issues of redirected impacts (e.g., that management practices required on one farm do not end up harming another area downstream) and their cost should be analyzed.
- Assumptions 1 and 2:
 - Assumption 1 applies to the current program and surface water discharges only; assumption 2 applies to surface and groundwater.
- Assumption 3:
 - Assumption 3 speaks to growers who will be directly and individually regulated by the Water Board (instead of working through a third party entity or under a general waiver/order). This assumption will be reworded to stress that it only applies to those growers that fail to cooperate with a third party entity or choose to work directly with the Water Board of their own volition.
 - Participants commonly agreed that the number of growers that would choose to work directly with the Board would likely be small.
- Assumptions 4 and 5:

- Assumption 4 will be reworded to clearly state that the Central Valley Water Board would be considering pesticide tracking information from “irrigated agricultural” use.
- Assumption 5: There is concern that using average coalition fees to estimate the costs of Alternatives 1 and 2 may not provide enough information to accurately determine potential impacts to areas where fees may be much higher than the average. Staff agreed, and stated that area specific fee information will be used where provided.
- Assumption 6:
 - Estimating baseline conditions could be modeled after dynamic (as opposed to static) crop patterns. Staff and industry representatives would need to work together to determine how best to estimate this data. The outcome of the analysis would be largely dependent on the quality of data growers are able to provide.
- Assumption 7:
 - Assumption 7 focuses only on individual farm water quality management plans (FWQMPs).
 - Administrative costs should be accounted for in Assumption 7.
 - There was a concern that costs associated with developing FWQMPs will be proportionally much higher for small growers compared to large growers.
 - Assumption 7 only applies to ILRP Alternatives 3-5.
 - Central Valley Water Board specific data do not exist for implementation of individual FWQMPs.
 - Wellhead protection in Assumption 7 would be similar to Department of Pesticide Regulation (DPR) wellhead protection requirements, only they would apply to fertilizer use and other waste constituents in addition to pesticides.
 - Assumption 7 should also include a goal to minimize leaching of waste to groundwater.
- Assumption 8:
 - Assumption 8 speaks to the idea that fully implementing a FWQMP could take more than 2 years. There are concerns that costs associated with rapid development and implementation of the FWQMP are likely to be much higher than long term planning and implementation.
- Assumption 9:
 - Assumption 9 was developed to comply with the State Water Board’s Nonpoint Source Policy, requiring that time schedules for implementation be developed to address water quality concerns.
- Assumption 10:
 - Assumption 10 establishes a frequency for inspection programs under Alternatives 3-5. The frequency was developed considering the inspection component of the State Water Board’s existing Stormwater Program. There were concerns that the number of

inspections could be quite large and obtaining access to private property may require additional authorities.

- Assumption 11: No questions or comments.
- Assumption 12:
 - Assumption 12 would apply to Alternatives 2 and 4. Where there are less than two exceedances in a three-year period, a reduced monitoring system could be instituted. The “three-year” time period needs to be added to the assumption. Also, growers should not be required to regularly monitor for constituents that are not of concern.
- Assumption 13:
 - Assumption 13 indicates that existing groundwater nitrate data and vulnerability models (e.g., DPR leaching and runoff areas, State Water Board vulnerability map) will be used to estimate areas where groundwater quality management practices would be an ILRP high priority. There was concern that vulnerability areas from non-irrigated agriculture land use would be used. Staff responded that the management practices estimates would be applied to areas with irrigated agricultural land use only.
- Assumption 14:
 - Assumption 14 indicates that groundwater nitrate data and vulnerability models would be used to estimate where monitoring wells would be required under Alternatives 4 and 5. Alternative 4 would have a regional monitoring component; Alternative 5 would require developing individual monitoring wells.
 - A meeting participant asked whether the Central Valley Water Board would allow technologies other than monitoring wells where appropriate. Staff responded that Alternative 5 allows other methods as approved by the Central Valley Water Board.
- Assumption 15:
 - Assumption 15 indicates that water quality monitoring would not be required under Alternative 3’s individual FWQMPs. Small workgroup members notified staff that this assumption is inconsistent with the monitoring requirements of Alternative 3. The monitoring requirements in Alternative 3 state: “Unless specifically required in response to water quality problems, owners/operators would not be required to conduct water quality monitoring...” Staff will work to estimate water quality monitoring that may be required under Alternative 3. A meeting participant suggested developing a quantification system, like a checklist for management practices, for evaluating whether monitoring would be needed under Alternative 3.
- Assumptions 16 and 17: No questions or comments.

Overview of Economic Analysis Approach

The cost of ILRP programmatic compliance will be determined by comparing costs associated with the existing program with projected costs for each alternative. To

estimate costs to growers, staff will estimate what types of practices farmers may use to achieve compliance, and what it would cost to implement them. Staff explained that net income effects will be calculated using the Central Valley Production Model (CVPM). The proposed approach is explained more fully in the document entitled, "Irrigated Lands Regulatory Program EIR: Draft Economic Analysis Approach, February 2010." This document is available online at the website listed on page 1. The following questions about the approach were recorded:

- Does the CVPM differentiate between low intensity and high intensity crops (such as non-irrigated pasture vs. citrus)? Tom Wegge, TCW Economics, Central Valley Water Board contractor conducting the economics analysis, responded that the model is able to look at a wide range of crop types. A description of the CVPM will be posted to the website listed on page 1.
- Should irrigated pasture farmers spend time on changing current program monitoring plans or further develop ILRP Alternative 2? Staff responded that industry representatives should work with staff on Alternative 2.
- A participant asked if monitoring costs can be reduced by allowing growers to develop monitoring results themselves or using lower cost alternatives to certified labs. Staff responded that all data collected must be high quality and certifiable.
- Staff explained that the economic analysis will look at the net costs of the ILRP program by itself without speculating on costs for developing regulatory programs. Projecting how future programs might affect grower net income would be extremely time consuming and speculative in nature.
- Physical parameters for the CVPM (such as changing fuel costs, water price/availability and other major effects) should be accounted for in the economic analysis.
- A participant noted that the overall fee structure of the ILRP will be a small overall cost in comparison to the implementation cost.

Next Steps

See Action Items on page 1 for more information.

Attachment A: February 18, 2010 Long-term ILRP Meeting Attendees

Adam Laputz	Central Valley Regional Water Quality Control Board
Bill Thomas	South San Joaquin Water Quality Coalition
Brett Stevens	Central Valley Regional Water Quality Control Board
Bruce Houdesheldt	Northern California Water Association
Bud Hoekstra	Berry Blast Organics
Carol Dobbas	UFRWG
Chad Dibble	California Department of Fish and Game
Claus Suverkropp	LWA
Dan Hinrichs	DJH Engineering
David Cory	SJUDA
David Nesmith	Environmental Water Caucus
Dennis Heiman	Central Valley Regional Water Quality Control Board
Gail Delihant	WGA
Henry Buckwolhi	Western Plant Health Association
Jas O'Growney	STWEC
Jeff Pylman	Nevada County Agricultural Commissioner
Jennifer Clary	Clean Water Action
Jim Atherstone	South San Joaquin Irrigation District
Joe Karkoski	Central Valley Regional Water Quality Control Board
John Currey	Dixon Resource Conservation District
Kandi Manhart	CESP
Kari Fisher	California Farm Bureau
Lauren Bauer	Kern Co. Water Agency/So. SJ Water Quality Coalition
Lesla Osterholm	Nevada County Resource Conservation District
Lester Messina	Glenn County Agricultural Commissioner
Megan Smith	ICF International
Michael Niemi	Turlock Irrigation District
Mike Wackman	San Joaquin County and Delta Water Quality Coalition
Nick Gatti	Kern Co. Water Agency/So. SJ Water Quality Coalition
Nick Konovkoff	RCRC
Orvil McKinnis	Westlands Water District/Westlands Stormwater Coalition
Parry Klassen	East San Joaquin Water Quality Coalition
Pat Matteson	California Environmental Protection Agency/DPR
Paul Bertuqua	Shasta County Cattlemen
Paul Markin	WUD
Richard Price	Butte County Agricultural Commissioner

Rolf Frankenbach	California Department of Food and Agriculture
Sam Magill	Center for Collaborative Policy
Tom Aguilar	PNSSNS
Tom Wegge	TCW Economics

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