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Wastewater DEIR testimony of Scot Stegeman
 Finley Center hearing, September 1996

Introduction and acknowledgments

001

Early in its work, the SCOR group soon came to agreement that almost all decisions and issues around the wastewater choice come into focus if you look at both the broad economic and environmental implications of projects that do or do not emphasize reuse. I would like to emphasize a few points:

- disposal in Russian River produces no economic benefits and throws away the water's value
- in a drought prone region, water is the scarcest resource with significant long-term value
- reuse can generate enormous economic benefits for the community, including ratepayers.

Understanding Wastewater Economics

002

Discussion of the cost aspects of the various alternatives have focused on a very narrow perspective of the direct cost-implications to Sub-regional system rate payers, based on the specifically described alternatives. While this is one legitimate concern, it obscures the enormous regional economic benefits of reuse for irrigation, open space, recreation, etc. There is no economic "return" from investing in a project that is predominantly a river discharge; the economic value of the resource is lost and the capital costs are committed at the start of the project (and thus cannot be redirected at a later date as other options develop).

The economic value can be seen in at least 2 ways.

1. Increased farm income from higher quality or value added products by local agriculture
 Increased production from a given acre of land, or increased value from diversifying crops can be a tremendous source of additional revenue to local farmers. An economic analysis prepared by a City consultant estimates the increased value of crops under a strong reuse project to be between \$10 million and \$40 million per year, depending upon what is being irrigated. For example, the gross crop value of silage from 100 acres is estimated at \$54000, while 100 acres of dry-farmed apples had an estimated value of \$148,000 per year (and irrigation can double or triple that return). The same acreage of truck farm and specialty vegetables had a value of around \$1.0 to \$1.5 million. Multiplying those sorts of numbers by an extra 5,000 or more acres under irrigation and planted in grapes, apples, or truck crops produces an enormous annual economic return.

2. Circulation of additional income within the greater Sonoma County community

003

Any business sector provides an economic boost to the community by putting money into circulation by buying raw materials, employing workers, purchasing equipment, etc. The income from the additional farm production described in Point 2 above keeps on making

money as it moves through the community. This effect is known as the "multiplier" for a particular industry, and local agriculture has one of the highest multipliers in the county. This means that one new job, one new dollar paid, and one new dollar in sales creates more additional jobs, payroll, and sales than any other industry sector.

003 (cont.)

The priority should be to design a project that maximizes the economic value of a scarce resource and then recaptures a portion of that value to offset the project costs to ratepayers. This approach better represents the true economic choices that affect the region in general and sub-regional rate payers in specific. Simply picking the "cheapest" project may leave county residents, including system ratepayers, paying for hidden costs and lost opportunities for decades to come.

004

In terms of specific issues in the DEIR, I have concerns in the following areas:

005

There is very limited reference to the use of phasing, buffers, and small storage options as a means of creating more flexible and cheaper alternatives. The fact that this EIR will also cover small storage options, as with the proposed Kendall Jackson site associated with the Geysers alternative, needs to be explicitly stated. It is important that these critical tools be covered by the EIR is sufficient detail that you can build them into your final selection if you wish.

If cost and ratepayer impacts are a legitimate consideration, then other economic items need to be addressed, specifically the additional funding opportunities that open up with agriculture as the lead agent or applicant for parts of the project, and cost-reductions that may result and thus reduce ratepayer impacts.

006

There should be recognition of external costs of the alternatives, as well as benefits. Some have objected to agricultural reuse as a subsidy at city expense. No project can be found that stays within the geographic confines of the subregional system. There should be acknowledgment of any external costs that will be borne others outside the system, including those that may be considered insignificant under CEQA and thus not be mitigated.

007

Some concluding thoughts

008

This EIR reinforces a persistent pattern of describing possible projects in their most extreme form, such as massive reuse, enormous storage reservoirs, or greatly increased river discharge. This tends to divide the community and create projects that are easy targets for different interest groups. The best step forward would be to acknowledge that while the specific projects as described in the EIR are all difficult for political or economic reasons, the building blocks are there for a hybrid that represents the best interests, economic and environmental, of all the interested parties.

