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OPINION (/NEWS/OPINION)

Selling California's water and following acres

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If the rain doesn't fall, maybe the sky won't either. But the effects of another year or two of drought on California production would be ugly enough, and the jobs picture an even bigger eyesore than it is now.

That's the upshot of a recent University of California-Davis economic analysis (<http://bit.ly/1Mp5093>) of the drought's cost to state agriculture. If it lasts through 2017, effects then might be 6% worse than in 2015 as net water shortage grows, the analysis projects.

Current effects aren't causing price spikes or persistent shortages, but they're substantial.

The university's Center for Watershed Sciences and its Agricultural Issues Center, along with ERA Economics, peg drought-related crop revenue losses at \$902 million and overall direct costs to agriculture at \$1.84 billion for 2015. Job

loss is estimated at 10,120.

Multiplier effects put the total state effect at \$2.74 billion and around 21,000 jobs.

This year's estimate for fallowed acreage is 542,000, 99.5% of it in the Central Valley. That number may only rise to about 550,000 in 2017, according to the analysis released Aug. 16. But it might be a lot more if groundwater access decreases or other problems emerge.

Legislation passed last year gives us 27 years to stabilize groundwater basins. How's that for a sense of urgency?

Water transfers are a business. The going rate is \$650 per acre foot. That is hardly set in stone, as tales of \$1,000 and up indicate. But you can see why some may be tempted to choose the water business over the growing business. That \$650 is more revenue per acre, for example, than rice can generate.

The UC-Davis analysis even proposes an "eBay for water," a central clearinghouse of information that would make the purchase process less opaque than it is now — but not set prices.

Much as I might want to overcharge you for water, it seems fair that buyers get access to supply information.

It just wouldn't be the Wild West anymore. And nothing says Wild West like California water policy.

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What's your take? Leave a comment and tell us your opinion.

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Based in California's Salinas Valley, Mike Hornick has been a staff writer for The Packer since 2010. He has more than 20 years of experience in journalism.

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