

Testimony of Larry Starrh

Family Farmer

Madam Chairwoman and honorable members of the Committee, my name is Larry Starrh, a family farmer from California. I appreciate the opportunity to appear before you today to provide you with a firsthand account of the damage resulting from uncertain water deliveries in California.

Our family farm is located in Kern County in the southern San Joaquin Valley of California. The State Water Project (SWP) provides all of our water for farming through the Kern County Water Agency (Agency). The Agency is the largest agricultural contractor of SWP water. The Agency has a contract with the California Department of Water Resources for up to 998,730 acre-feet of SWP Table A water annually. Under that contract, the Agency is required to pay the State of California for the entire contracted amount regardless of the amount of actual water received in any year. As a result of the District Court decision in NRDC v. Norton, the SWP allocation this year is ten percent lower than it would otherwise be if based solely on hydrology. Under that decision, the Agency alone has lost, in an average water year, 200,000 acre-feet.

Eighty percent of our family farm's business decisions revolve around the amount of water available from the SWP. This year, we have been forced to fallow 2000 acres of land because of the lack of water supplies. Our fallowing 2000 acres has widespread economic, and even social, impacts within our community. We have been forced to lay

off thirty employees out of sixty total employees, and will have considerably reduced normal production costs that would normally benefit the local economy.

The financial impacts to our business from reduced water supplies are significant. Our family farm has fixed overhead costs which must now be spread over a smaller operation. Our costs for water also increase. Not only must we pay for SWP water that we will not receive, we are forced to incur additional costs to secure replacement water if it is available. Generally, we attempt to acquire water north of the Delta through the Agency to make up for any delivery reductions. During dry years, there are very limited water supplies available for transfers south of the Delta.

Additional significant impacts to other family farmers in Kern County include potential problems securing both short and long-term financing. Lending institutions perform a detailed review of water supplies when making decisions regarding lending. Less reliable water supplies means less reliable financing or incurring higher costs for that financing.