



*Perspectives on California Water Supply: Challenges and Opportunities
Subcommittee on Water and Power*

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California, home to one in eight Americans, accounts for around 12 percent of the nation's gross domestic product and has the economic horsepower of the world's eighth-largest economy.

When the state stumbles, its sheer size 38 million people creates fallout for businesses from coast to coast, which means California's economic malaise could make it harder for the entire nation's economy to recover.

The single biggest threat facing businesses in California, outside of the existing economic crisis, is the lack of a reliable water supply.

For Orange County specifically, this reality is sobering because water resources managed by state and regional agencies account for 50 percent of our overall yearly water supply countywide. Just like America's relationship with foreign oil, we are dependent on others for a large portion of this most basic element of life – water.

Water is a critical element in every industry and particularly for bio-tech, manufacturing, agriculture, homebuilding and new green-tech.

Any and all signals that suggest we are emerging from this economic downturn could be dashed if we do not have a sufficient water supply.

Why would a Wisconsin Senator care about California's water?

California has been the leader in U.S. agricultural production for over 60 years. Eight of the nation's top 10 producing counties are in the state. California grows more than half of the country's fruits, nuts and vegetables. It is the country's number one agricultural exporter.

California is the leading dairy state and also America's top wine producer, making 90% of all US wine, and is the fourth leading wine producer in the world.

California's food production and processing industry is critical to both California and the United States' overall economy. Food production companies face unprecedented global competition and must remain cost competitive to stay in business.

Natural and regulatory drought conditions are resulting in zero water supplies in many Central Valley areas and similar situations have begun to emerge elsewhere in California, including many of the state's major urban areas.



Travel to California's bread basket and you'll see miles of fallow fields and stumped orchards and cross through small towns facing enormous hardship with unemployment as high as 40%. Water means food, jobs and a future.

California's innovation

California is a world technological and economic leader. It has been the birthplace of many products and social trends that have changed the world. From Levi Strauss jeans in the 1850's to the birth of the modern computer, some of the world's most significant technological innovations, and social trends had a start here. The popsicle, the zamboni, the polygraph test, the modern theme park, windsurfing and even golf carts were invented here in California.

California continues to lead innovations in water technology.

- Seawater Desalination plants
- Ground water replenish systems
- Establishment of rebate and grant programs to incentivise efficient usage

Endangered Species Act

Environmental reform should value our people more than a fish.

Not even Mother Nature can match the impact the Endangered Species Act has had on California's water supply.

Enforcement, or threat of enforcement, of both the federal and state Endangered Species Acts have become the foremost controlling factors in the development of California's water resources. Compliance with ESA creates significant impacts on water supplies throughout the state.

Regulatory actions to protect species have reduced water deliveries from the state's two largest water systems in recent years to more than 25 million people in the San Francisco bay Area, Central and Southern California.

There is no question that protection of the largest estuary on the West Coast is critical. The Sacramento-San Joaquin Delta is in an ecological crisis, but so are California's farmers and residents. There must be a way to balance economic and environmental viability.

The current status seems to put a small fish about the needs of humans. This policy also creates new environmental problems. By forcing agricultural production to fallow, risk shortages of our food supply here at home and force greater production of greenhouse gases as once local food production must be shipped in from foreign locations. We all believe in conservation of the species, but shouldn't people come first?



R.E.A.L. Coalition points

The water supply system that supports most of California's residents, businesses and underpins its ecological health is facing unprecedented challenges. Coordinated near- and long-term actions to address constraints and conflicts are needed if we are to realize the co-equal values of adequate water supply for California, and ecosystem health and revitalization. Given the breadth and statewide impact of the crisis, the interest of the business community is coincident with that of the general public.

About OCBC

The Orange County Business Council is the leading voice of business in Orange County, California. OCBC represents and promotes the business community, working with government and academia, to enhance Orange County's economic development and prosperity in order to preserve a high quality of life. OCBC serves member and investor businesses with nearly 250,000 employees and 2,500,000 worldwide. In providing a proactive forum for business and supporting organizations, OCBC helps assure the financial growth of America's fifth largest county. For more information, visit www.ocbc.org.