



THE COALITION OF LABOR,  
AGRICULTURE, AND BUSINESS

# COLAB

San Luis Obispo County

## MONTHLY NEWSLETTER

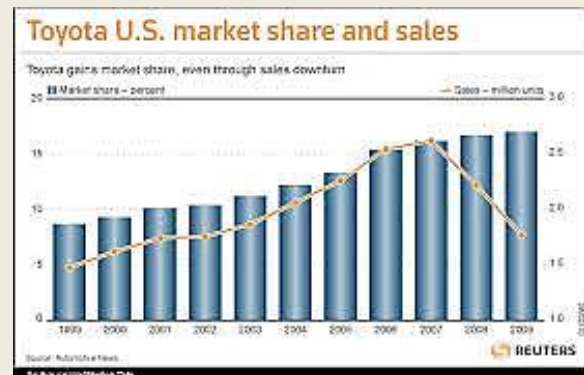
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### UN-STRATEGIC PLANNING BY MICHAEL F. BROWN

The best strategic plans are simple and focused. Some years ago in the 1990's, Toyota Motors adopted a 3-year strategic plan: *Increase Toyota's market share in North America for light trucks and cars by 2% per year.* For a while the Toyota Camry became the top selling sedan in the United States. Note that even with declining sales, Toyota slightly increased its market share. The plan was simple, specific, and direct.

Similarly after Abraham Lincoln had fired 5 commanding generals in 3 years, he appointed Ulysses Grant as overall commander of all the Union Armies. Confederate armies were the Army of Northern Virginia commanded by Robert E. Lee and the Army of Tennessee commanded by Joseph E. Johnston. Grant met his chief lieutenant, General George Sherman in January of 1864 and stated his strategic plan: *You go for Johnston and I'll go for Lee.* Lee's Army surrendered to Grant in April 1865 and Johnston surrendered.



to Sherman in May 1865, in the 5<sup>th</sup> spring of the Civil War. Again the plan was simple, specific, and direct – destroy the two armies.

You can think of other focused successful organizations which are tops in their field – Nike, GE, Johnson & Johnson, Wal-Mart, Apple, Southwest Airlines, Hyatt, or FedEx. How about the Navy Seals, or the Metropolitan Opera? Hyatt and the Metropolitan Opera are two with which we have long experience. Hyatt boils its

purpose down to: *Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company with a proud heritage of making guests feel more than welcome. Thousands of members of the Hyatt family strive to make a difference in the lives of the guests they encounter every day by providing authentic hospitality. The basic overarching strategy is: making guests feel more than welcome.*

Similarly the Metropolitan Opera's strategic vision is: *The Metropolitan Opera is a vibrant home for the most creative and talented artists, including singers, conductors, composers, orchestra musicians, stage directors, designers, visual artists, choreographers, and dancers from around the world. In other words, they strive to be the greatest opera house the world. The scene below is from the tragic love story, La Boheme by Puccini. Yes, it's indoors on the stage and "snowing."*



San Luis Obispo County lists its strategic "Mission": *The County's elected officials are committed to serve the community with pride to enhance the economic, environmental, and social quality of life in San Luis Obispo County.* The sentence,

other than being a little goofy structurally, seems to say that they are service-oriented and proud, and that their core purpose is to enhance the environment, enhance social life, and enhance the economy. The core metrics which would demonstrate success (results) are listed as a community that is safe, healthy, livable, prosperous, and well governed. Periodically the Board of Supervisors sets aside special Board meetings, which it enticingly advertises as "Strategic Planning Sessions." A recent version suggested that the agenda items listed below constitute strategic planning:

1. Fiscal Year 2015-16 County and State Budget update.
2. Adoption of the Five-Year Infrastructure and Facilities Capital Improvement Plan.
3. Report on Department of Planning and Building Priorities.
4. Request for Board direction regarding Public Works Department reorganization to create a Water Resources Division.

Rather than being strategic, these items are a review of annual budgets and work plans (except for a 5-year capital improvement plan). Local government elected officials generally shy away from true strategic planning because, if done right, it subjects the organization's budget, mission, service mix, structure, and processes to analysis and potential course change. Fundamental questions before undertaking a business strategic plan include: Are we in the right markets; are we selling the right products; what is our competition doing; who are our core customers; what do our customers, suppliers, shareholders, and employees think; what large societal and economic

forces and conditions are expected in the planning horizon period; what opportunities are likely; and so forth.

For local governments the metrics are slightly different. Notwithstanding all the rhetoric about serving the citizens and the general public interest, the core customer for a government is the high frequency voter. Another core customer is the high frequency large political campaign contributor. In California the most prominent members of the latter group include government employee unions, large land developers, workers compensation lawyers, and highly focused economic interest groups such as gaming Indian tribes. Local governments, and especially counties, which are actually administrative subdivisions of the State, are required to perform a wide range of functions that are often dependent on State revenue for the ability to execute those functions.

Except for road surface conditions, responsiveness of field service public safety forces (Sheriff, fire and ambulance, property tax collection, and voting) the general public has little ability to gauge the effectiveness of the wide range of services. Most citizens will never come in contact with welfare eligibility offices, probation, and the planners who process applications for land development projects, housing services, or any of the hundreds of other programs which comprise the County's \$600 million per year program of service. They may notice more homeless people gathered in a particular area or that their water rates or refuse fees increase a little, but they are not sufficiently bothered to react. Often the citizen customer is not even sure which jurisdiction provides what service in a particular area. Unlike a private sector

customers who can switch products or services, the citizen "customer" ultimately has to move away to fire his or her county.

Accordingly and except for an occasional crisis or scandal, there is little focus on or demand for accountability, let alone an examination of large scale strategic alternatives such as elimination of some services, changes in how they are delivered, privatization, consolidation, redeployment, substitution of technology, reduction of direct and indirect overhead, managed competition, etc.

Superficial lip service to deeper strategic examination of the causes underlying problems which create service demand and costs are, from time to time, used as justifications for spending more money, but rigorous strategic examination and hard choices are avoided. For example, the County is experiencing indicia of increasing poverty. Many more poor people than were thought to exist have been discovered, as thousands more people than expected enrolled in Medi-Cal as it was expanded under the Affordable Care Act (Obama Care). More people have enrolled in In Home Health Care Services. Homeless servicing agencies report growing numbers of clients. Food banks, housing advocates, and other not-for-profit social service agencies report growing needs.

Ironically and along these lines, Supervisors Hill and Gibson are aggressively arguing that the State Legislature should require property owners to accept Federal subsidized housing vouchers and certificates. In their view there are too many landlords who refuse them. Of course they are avoiding the real problem, which is that the land use policies, which they have

imposed, have undermined and depressed the production of rental apartment development.

Real strategic planning would examine the underlying causes and generate potential remedies based on analysis. Are the existing programs which are directed at these problems not working? Or are the forces in society forcing more people into poverty? Are there land use policies which are chasing traditional manufacturing jobs away? Are schools not preparing the future workforce for the more technically complex machines, which require independent judgment and quantitative skills?

What is causing the growing poverty and accompanying social and community disarray, including substance abuse, family

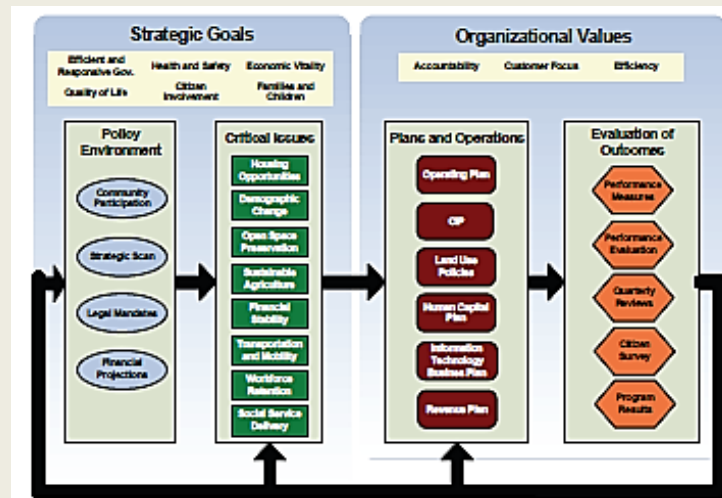
breakdown, crime, and so forth, in San Luis Obispo County? Fortunately and on a comparative scale, these problems are not as large in SLO County as they are in metropolitan areas, yet they still consume the largest portion of the County's \$600 million per year budget.

Would the Board consider, at least theoretically, the promotion of industries such as oil and gas production, refining, surface mining, and retention of nuclear power generation? Jobs in these industries pay some of the highest salaries and benefits

to their regular workforce and provide entry-level opportunities right out of high school. Similarly, would the County explore the relative costs and benefits of a directed strategy of actually promoting high end estates and ranchettes, which pay high taxes, use few services, and which often are owned by financially independent owners who are not tied to a regular daily commute by automobile. These residents with high discretionary incomes patronize local business, are heavy retail consumers, visit restaurants, and are frequent car buyers.

As we noted during the Board meeting when

Item 3 on the list on page 1 above (Department of Planning and Building Priorities) was considered, one proposed but as yet unfunded project in the list was to promote the smart growth doctrine and strategy by



conducting forums and media presentations at public expense. If strategic analysis revealed that development of the oil industry, estate homes, or destination resorts were beneficial, would the County amend its strategy and seek to educate the public on the benefits of these?

Probably not. The innate logical contradictions inherent in the current politically correct hothouse of environmental doctrine forbid real strategic analysis and planning.

# INTENTIONALLY DEFECTIVE BY DESIGN

## GUEST COMMENTARY BY PUBLIUS

The law is a curious thing. Sometimes it seemingly says one thing but really means another. For example, there is a common legal estate planning structure called an “Intentionally Defective Grantor Trust” or IDGT. Why would anyone want a legal instrument, drafted as intentionally “defective”? The answer is simple. Although based as a common trust, the defect allows the IDGT to legally function differently than originally intended. In estate planning, an IDGT is a trust drafted in accordance with certain provisions of the Internal Revenue Code with intentional defects to require the trust to be treated as a grantor trust for income tax purposes, but an irrevocable trust for estate tax purposes. In simple terms what it does is give the owner of an asset control of the asset while they are alive, yet for death tax purposes the asset is treated as if it was given away while the owner was alive and not part of the taxable estate. It says one thing, but really in the end does another.

In San Luis Obispo County, AB 2453 falls into this category. We don't know who really drafted AB 2453. It simply “metastasized” behind closed doors, over the public objections of the residents who would

be subject to it. Touted by its supporters as a Paso Robles Ground Water Basin management tool, if you look closely into the bowels of AB 2453, you will see that it



### *Publius Valerius Exposing The Tyrant*

was drafted with provisions that establish it as a binding, legal, tax and control structure of the basin residents in the form of a water district, however, it contains several intentional defects that wrench the real control of the basin away from the property owners who are subject to its regulations. What AB 2453 actually does is put control of the basin into the hands of secondary water right holders, the appropriators and purveyors of water, while passing the costs onto the basin property taxpayers as a whole.

An AB 2453 water district, if formed, does several things. First, it strips individual water rights away from the basin residents and property owners. In doing so, the new district assumes their constitutionally guaranteed water rights and reduces

property owners into a controlled dependency class of water users with no guaranteed rights to the water under their property. Rather, property owners will be left with just “water allowances” arbitrarily allocated or removed by political whim of a crony quasi-government nine-member water district board.

AB 2453 creates a new authority with the power of property taxation. An AB 2453 water district, if formed, will also have the power to financially encumber the water basin property owners, but with no specified limitations on how or where the money will be spent. There are no explicit prohibitions in AB 2453 against using the local tax money for water banking, water trading or water exportation. These are potential dangers to the basin that the residents have often vociferously complained about during local hearings yet were ignored by both the water district proponents, Assemblyman 'Katcho,' Achadjian and the County Board of Supervisors.

What an AB 2453 water district will not do is manage the Paso Robles Ground Water Basin effectively, efficiently or equitably. AB2453 fails as a real basin management tool because there are a number of intentional defects.

AB2453 does not require the establishment an independent authority, like a court appointed water master, charged with the duty to scientifically monitor and assess the health of the basin. Rather, AB 2453 states that the water district board of directors “may” do a scientific report to accurately

determine the basin health. In contrast, a court ordered legal adjudication mandates a scientific study be done before any decisions are made regarding the fair and equitable allocation of water within the jurisdiction.

Under AB 2453 the Board of Supervisors retains complete control of the Basin because any AB 2453 water district board of directors can be overridden by the Board of Supervisors. AB 2453 is not a true management structure. It functions only at the discretion and whim of the Board of Supervisors. In the absence of a court ordered basin adjudication, it is not too difficult to see that future water policy is going to come from the Board of Supervisors. So why then do we need a water district?

AB 2453 also fails as a basin management tool because it includes exemptions for the appropriators, purveyors and municipal pumpers that are active in the basin. To truly manage the basin as required by the Pavley Dickinson Sustainable Groundwater Management Act, there would have to be comprehensive management of ALL groundwater extraction in the basin. Allowing the appropriators, who are the second largest and the fastest growing group of water extractors, to function independently of basin management completely negates the point of having the AB 2453 management structure in the first place. Under this circumstance to meet California's Pavley Dickenson requirements, a Joint Powers Agreement would have to be negotiated between ALL the entities active in the basin. With all the competing interests

and no overall authority, just imagine how that is going to work out. AB 2453 will do nothing to stop the lawyers from getting involved, as they already are and have been for years, and will set up a process that will definitely pit neighbor against neighbor and city against city in the struggle for control of our water.

Currently, the Local Agency Formation Commission water district formation process has been co-opted by the Board of Supervisors under AB 2453. Besides shielding the identities of people and organizations who will independently benefit from the formation of a water district, it also allows any proposed boundaries for a water district to be drawn by a politically motivated County staff rather than by the people who might want to form a water district. True groundwater management must begin with a comprehensive understanding of how and what recharges the basin from year to year. What is included and not included in the basin regulatory boundaries is critical. By arbitrarily excluding areas it is easy to 'manufacture' an overdraft where none actually exists. No surprise, the current proposed water district boundaries politically 'gerrymander' the natural basin boundaries eliminating a critical basin recharge watershed, namely the Santa

Margarita Lake and Nacimiento Lake and environs. Of course, the modelers claim to take that into account, but last time anyone looked at the natural flow of the Salinas River, it is entirely North, not partially South. Which brings us back to defect number one again, the need for an independent authority charged with the duty to scientifically monitor and assess the health of the entire basin – also known as court ordered basin adjudication.

So there it is. AB 2453 was allegedly designed by the proponents to give property owners the tools necessary to manage and control the health of their groundwater. They lied, as it does nothing of the sort. It does the exact opposite. It removes control of the groundwater basin from the property owners and enables control of the residents by 'special interests'. Sounds intentionally defective to me.

Whether AB 2453 is the devious child of a clever few or just a sad train wreck from a series of blunders, we will probably never know. But what AB 2453 is NOT, is a fair, equitable and effective groundwater basin management solution for the property owners of the Paso Robles Groundwater Basin.



# THE SCORCHING OF CALIFORNIA: HOW GREEN EXTREMISTS MADE A BAD DROUGHT WORSE

by Victor Davis Hanson

In mid-December, the first large storms in three years drenched California. No one knows whether the rain and snow will continue—only that it must last for weeks if a record three-year drought, both natural and man-made, is to end. In the 1970s, coastal elites squelched California’s near-century-long commitment to building dams, reservoirs, and canals, even as the Golden State’s population ballooned. Court-ordered drainage of man-made lakes, meant to restore fish to the 1,100-square-mile Sacramento–San Joaquin River Delta, partly caused central California’s reservoir water to dry up. Not content with preventing construction of new water infrastructure, environmentalists reverse-engineered existing projects to divert precious water away from agriculture, privileging the needs of fish over the needs of people. Then they alleged that global warming, not their own foolish policies, had caused the current crisis.

Even as a fourth year of drought threatens the state, canal water from the Hetch Hetchy reservoir in Yosemite National Park keeps Silicon Valley and the San Francisco Bay Area a verdant oasis. This parched coastal mountain range would have depopulated long ago without the infrastructure that an earlier, wiser generation built and that latter-day regulators and environmentalists so casually

deprecated. (See “California’s Promethean Past,” Summer 2013.) Gardens and lawns remain green in Palo Alto, San Mateo, Cupertino, and San Francisco, where residents continue to benefit from past investments in huge water transfers from inland mountains to the coast. They will be the last to go dry.

I grew up in the central San Joaquin Valley during the 1950s. In those days, some old-timers remembered with fondness when the undammed Kings River’s wild, white water would gush down into the sparsely populated valley. But most Californians never had such nostalgia. Past generations accepted that California was a growing state (with some 20 million people by 1970), that agriculture was its premier industry, and that the state fed not just its own people but millions across America and overseas. All of that required redistribution of water—and thus dams, reservoirs, and irrigation canals.

For 50 years, the state transferred surface water from northern California to the Central Valley through the California State Water Project and the federal Central Valley Project. Given these vast and ambitious initiatives, Californians didn’t worry much about the occasional one- or two-year drought or the steady growth in population. The postwar, can-do mentality resulted in a



brilliantly engineered water system, far ahead of its time, that brought canal water daily from the 30 percent of the state where rain and snow were plentiful—mostly north of Sacramento as well as from the Sierra Nevada Mountains—to the lower, western, and warmer 70 percent of the state, where people preferred to work, farm, and live.

Everyone seemed to benefit. Floods in northern California became a thing of the past. The more than 40 major mountain reservoirs generated clean hydroelectric power. New lakes offered recreation for millions living in a once-arid state. Gravity-fed snowmelt was channeled into irrigation canals, opening millions of new acres to farming and ending reliance on pumping the aquifer. To most Californians, the irrigated, fertile Central Valley seemed a natural occurrence, not an environmental anomaly made possible only through the foresight of a now-forgotten generation of engineers and hydrologists.

Just as California's freeways were designed to grow to meet increased traffic, the state's vast water projects were engineered to expand with the population. Many assumed that the state would finish planned additions to the California State Water Project and its ancillaries. But in the 1960s and early 1970s, no one anticipated that the then-nascent environmental movement would one day go to court to stop most new dam construction, including the 14,000-acre Sites Reservoir on the Sacramento River near Maxwell; the Los Banos Grandes facility, along a section of the California Aqueduct in

Merced County; and the Temperance Flat Reservoir, above Millerton Lake north of Fresno. Had the gigantic Klamath River diversion project not likewise been canceled in the 1970s, the resulting Aw Paw reservoir would have been the state's largest man-made reservoir. At two-thirds the size of Lake Mead, it might have stored 15 million acre-feet of water, enough to supply San Francisco for 30 years. California's water-storage capacity would be nearly double what it is today had these plans come to fruition. It was just as difficult to imagine that environmentalists would try to divert contracted irrigation and municipal water from already-established reservoirs. Yet they did just that, and subsequently moved to freeze California's water-storage resources at 1970s capacities.

All the while, the Green activists remained blissfully unconcerned about the vast immigration into California from Latin America and Mexico that would help double the state's population in just four decades, to 40 million. Had population growth remained static, perhaps California could have lived with partially finished water projects. The state might also have been able to restore the flow of scenic rivers from the mountains to the sea, maintained a robust agribusiness sector, and even survived a four- or five-year drought. But if California continues to block new construction of the State Water Project as well as additions to local and federal water-storage infrastructure, officials must halve California's population, or shut down the 5 million acres of irrigated crops on the Central Valley's west side, or cut back municipal water usage in a way never before done in the United

States.

When the drought began in autumn 2011, the average Californian barely noticed. Mountain reservoirs remained full throughout 2011 and much of 2012, thanks to ample rainfall in previous years. Though rain and snowfall plunged to as much as 40 percent below average in most inland counties, shortages affected only large agribusiness conglomerates on the west side of the San Joaquin Valley—a small group of corporate grandees with plenty of land and little public sympathy.

During that first year of drought, quarrels over water were mostly confined to farmers and environmentalists. Confident that stored surface water in mountain reservoirs would remain plentiful, the Greens insisted that the state continue to divert reservoir water away from agricultural usage—at roughly the same rate as during pre-drought years—in order to replenish rivers. In practical terms, however, the diversions meant that substantial amounts of stored snowmelt were released from mountain dams and allowed to flow freely to the Pacific Ocean. Farmers called that wasted water; environmentalists called it a return to a natural, preindustrial California. The Green dream was not simply river restoration and beautification, however. Bay Area environmentalists also believed that vastly increased freshwater inflows would help oxygenate the San Francisco Delta, thereby enabling the survival of the Delta smelt, a three-inch baitfish, while ensuring that salmon could be reintroduced into the San Joaquin River watershed.

Farmers mostly lost these early diversion battles. After all, the state's reservoirs stood at or near capacity, previous wet years had recharged valley aquifers, and conventional wisdom held that the drought would probably end soon, anyway. Nevertheless, hand-painted protest signs began sprouting along Interstate 5, amid a few abandoned almond orchards, proclaiming a new “dust bowl” and condemning liberal Bay Area officials, such as Representative Nancy Pelosi and Senator Barbara Boxer, for supporting the river diversions. In Fresno County, the Consolidated Irrigation District and others stopped almost all surface deliveries to their agricultural water users from the Pine Flat dam on the Kings River reservoir. The water masters of the Kings River had enough stored water at Pine Flat to keep the reservoir at mostly normal levels. By cutting off deliveries to farmers, authorities had the luxury of releasing water to refurbish the lower Kings River for habitat restoration.

I experienced the effects of these policies firsthand. My property contains a 130-year-old abandoned well that my great-great-grandparents dug by hand and lined with tin pipe. Throughout 2012, the water table in my front yard remained about 40 feet below the surface, and all through the drought, the well proved a reliable barometer of changing groundwater levels. No one likes paying irrigation taxes for surface water not delivered, but local farmers shrugged, turned on their standby pumps, and drew from the shallow aquifer. We got by during the drought's first year with only moderately elevated electricity bills. Fifty miles to the west,

however, farmers and agribusinesses on the Central Valley's west side resorted to drilling deeper, sometimes in excess of 1,500 feet. Pumping brackish water from great depths is an unsustainable way to irrigate millions of acres of valuable croplands. The entire 5 million-acre west-side agricultural project that arose from desert scrub didn't exist before the early 1960s—precisely because the region had neither an aquifer nor a water project to deliver surface irrigation water from northern and eastern California.

As the drought continued, the political debate heated up. Farmers reminded Bay Area Greens that they had no proof that the Delta smelt was suffering from a lack of fresh river water. Equally likely culprits for the fish's plight were the more than 30 Bay Area and Stockton-area municipalities that dump oxygen-depleted wastewater into the baitfish's habitat. The farmers noted the irony of using artificial reservoirs to ensure supposedly "natural" year-round river flows for salmon and smelt. Before the construction of California's modern dams, Sierra snowmelts didn't necessarily ensure continually rushing rivers. Nineteenth-century spring floods into the valley usually were followed by a depleted late-summer Sierra snowpack and dry August river trickles. How odd, farmers thought, that environmentalists opposed new dams and reservoirs as "unnatural," and yet counted on existing reservoir water to maintain a dependable habitat for newly introduced salmon. Before the dams, nature simply didn't operate that way.

In the winter of 2012, the drought entered its second year, but record-high

agricultural commodity prices tempered the farmers' acrimony. Newly affluent customers in China and India—in addition to wealthy Japanese, Taiwanese, and South Korean consumers—fueled demand for premium California dairy products, wine, nuts and dried fruits, fresh fruits and vegetables, beef, and cotton. Raisin prices jumped from \$900 per ton to more than \$1,900 per ton. Some almond growers became millionaires overnight. When the per-pound price of nuts tripled, and new varieties of trees and new farming practices bolstered production to well over 3,000 pounds per acre, a once—"inefficient" family farmer with 40 acres could suddenly net \$5,000 an acre. Given that harvesting almonds is mostly mechanized and requires little, if any, manual labor, growers embarked on planting sprees up and down the drought-stricken valley. If 40 acres could net \$200,000, large conglomerates of 5,000 acres or more might see profits of \$25 million annually. Pistachios and walnuts proved even more lucrative. For the first time in a quarter-century, Central Valley farmers saw the kind of prosperity associated with the Silicon and Napa Valleys.

By 2013, however, with snowfall scant, some northern California reservoirs had fallen far below normal levels. Farms on the Central Valley's eastern side—the ones with prior privileged access to local irrigation districts and shallow water tables—faced a second year without surface-water deliveries. After 12 months of steady pumping, their water tables weren't so shallow any more. My old well dipped to 60 feet as the water table began dropping more than a foot per month. In past years, I

could count on access to canal water to replenish the water table. Now, for the first time in the 140-year history of our farm, nature and man had cut off the water. The well went dry.

Meanwhile, on the west side, state and local officials warned farmers that they might receive far less than even the 10 percent of contracted surface-water delivery that they'd been promised. Nevertheless, environmentalists prevailed upon the courts to extend orders diverting freshwater reserves from irrigation canals to rivers and the ocean. The public remained indifferent: the state had survived two years of drought before, and cities still got their water allotments from shrinking northern and mountain reservoirs. In 2012 and 2013, man-made reservoirs in San Francisco and Los Angeles brimmed while the northern and mountain lakes that supplied them were just two-thirds full. Facing no threat of rationing, coastal Californians didn't worry if a few hundred thousand acres of lucrative orchards simply shriveled up.

As 2013 wore on, climatologists, trying to project how long the drought might persist, warned state officials that their records only ran as far back as the late 1860s. California is a relatively new human habitat, and scientists can say little with certainty about the eons of natural history preceding the arrival of Spanish, Mexican, and American explorers. Tree-ring evidence suggests that past droughts had lasted 50 or even 100 years. Historically, drought may be the norm rather than the exception in California. This might explain why such a naturally rich state could support only a small population of indigenous

people. Is coastal and central California, in its natural state, a mostly unsustainable desert for large, settled agrarian populations? Maybe modern Californians don't fully appreciate the genius of their forefathers, who were prescient enough to see that, if huge quantities of water weren't transferred from the wet northlands, the Sierras, and the Colorado River, then the cities of San Francisco and Los Angeles would be little more than arid coastal villages, analogous to lightly populated and perennially water-short Cayucos or Cambria, along Highway 1.

Californians heaved a sigh of relief after a few days of heavy rain in November 2013, and some early snowfalls seemed to suggest that the drought would end in 2014. But the relief was premature; the dry spells returned. What rain and snow followed was too little and far too late. Even the snowpack in the American River watershed—a northern river system usually drawing on the greatest snowmelts—reached just 12 percent of its average. Soon, the huge man-made reservoirs in both the ordinarily wet north and the arid center of the state—Folsom, Millerton, New Melones, Orville Pine Flat, San Luis, Shasta, Trinity—dipped below half-full levels and, in some cases, plunged below 10 percent of capacity. By July 2014, the average storage level of reservoirs statewide was 13 percent. Across the state, surface-irrigation deliveries to farms and orchards fell to near zero.

Farmers engaged in another vigorous round of groundwater pumping in summer 2014. Water tables predictably plunged even further. Disaster struck the west side, as large agribusiness

concerns drilled new wells to unheard-of depths of 2,000 feet and more, installing massive 300-horsepower electric pumps to bring up just enough brackish water to trickle over their thirsty crops. Panic ensued even on the east side, with its famous and once-shallow aquifer. Farmers complained about six-month-long waiting lists to deepen their wells. Instead of the usual 150- or 200-foot wells, farmers drilled to depths of 300 or 400 feet, and drew water from 150 feet. Pump installations were similarly backlogged, and pump sizes increased from the standard 15-horsepower models to 20- and 50-horsepower machines—all this to ensure that a farmer's particular straw had the best chance of siphoning every last drop from an emptying common glass.

Such every-man-for-himself drilling came with its own attendant human foibles—bribing drillers to cut in front of the waiting list; violating decade-old pump-sharing easements; stealthily tapping into neighbors' pipeline systems; or charging exorbitant rates to give dry farmers access to working wells. Well-rig manufacturers had trouble keeping up with demand. Some entrepreneurs, eager to gouge desperate farmers, sought drilling machinery on the East Coast and overseas. Meanwhile, farmers understood that, with the commodities boom, an investment in permanent trees and vines might represent \$15,000–\$20,000 per acre and annual profits of over \$5,000 per year. By 2014, keeping the orchard or vineyard alive, not just the current crop, became the aim. On the west side, some orchard owners began bulldozing older or less productive nut groves. Others tried to find just enough

water to allow a final August or September harvest at record prices, before the exhausted trees were removed in the winter.

California's huge urban reservoirs, however, remained full. Municipalities demanded that they receive all the final deliveries of state and federal surface water from the mountainous north and east. The Hetch Hetchy reservoir in Yosemite National Park still supplies almost 90 percent of the San Francisco Bay area's daily water supplies. In a strange paradox, that water bypasses the San Joaquin River, into which environmentalists had diverted millions of acre-feet of irrigation water for fish. Even in 2014, as the state baked dry, environmentalists insisted on diverting what little mountain reservoir water remained to river-restoration efforts. Yet no environmentalist group has suggested that California tap Hetch Hetchy for habitat restoration in the same manner in which it has expropriated the water of farmers.

By late 2014, Pyramid and Castaic Lakes in southern California—part of the vast reserves controlled by the Southern California Metropolitan Water District—remained well above 90 percent of their capacities. But their sources in the distant north had almost no surface water left to give. The cities had drained and banked virtually all the state's existing reservoirs. Indeed, so well banked are southern California's project reservoirs that they have enough water to keep millions of customers well supplied through 2015, even as northern and central California communities dry up.

In reaction to these ongoing disasters

and fearing a fourth year of drought, the legislature and Governor Jerry Brown placed a \$7.5 billion water bond on the November 2014 ballot. It passed, but only a third of the money will go to construction of reservoirs canceled in the 1970s and 1980s. Most of the bond's provisions will fund huge new state bureaucracies to regulate access to groundwater and mandate recycling. The bond will essentially void more than a century of complex water law as the state moves to curb farmers' ability to pump water from beneath their own lands. Bay Area legislators who helped draft the bill failed to grasp that farmers bear the huge costs of drilling and pumping, not because they are greedy or insensitive to the environment but because the state's population has doubled and its water infrastructure has not kept pace. A better way to regulate overdrafts of the water table would have been to increase vastly the amount of reservoir surface water for agriculture so that farmers would have no need to turn on their pumps. But legislators and policymakers let utopianism get in the way.

Last summer, my two agricultural pumps worked from June to late August to keep 40 acres of grapevines alive during 100-degree days. Electricity and pump maintenance are costly. So are the annual irrigation district taxes I've paid the last three years for contracted—though undelivered—surface water from the system that my great-grandfather and other pioneers built themselves with horse-drawn scrapers at the turn of the twentieth century. This winter, I added my name to the waiting list to lower the pump bowls—the impellers deep in the well that force the water up through the

casing to the surface—in anticipation of another year of drought.

If the drought does continue, vast tracts of west-side farmlands will turn to dust. California's nearly \$30 billion agricultural export industry—led by dairy, almond, and grape production—is in grave peril. Its collapse would crush the economic livelihood of the Central Valley, especially its Hispanic community. When the 5 million-acre west side goes dry, hundreds of thousands of people will lose their jobs in a part of the state where the average unemployment rate already hovers above 10 percent. Farmers will spend hundreds of millions of dollars to deepen their wells further and save what water they can. Everything they and their predecessors have known for a century will be threatened with extinction.

Water is to California as coal is to Kentucky—yet its use is being curtailed by those least affected, if affected at all, by the consequences of their advocacy. But environmentalists, who for 40 years worked to undermine the prudent expansion of the state's water infrastructure, have a rendezvous with those consequences soon. No reservoir water is left for them to divert—none for the reintroduction of their pet salmon, none for the Delta smelt. Their one hope is to claim possession of the water in the ground once they've exhausted what was above it. Redistribution, not expansion of supplies, is the liberal creed for water, just as it is for wealth.

As the Hetch Hetchy reservoir drains, Bay Area man-made storage lakes will necessarily follow. Another year of drought will deplete even southern

California's municipal reserves sooner rather than later. When Stanford professors and Cupertino tech lords cannot take a shower and find themselves paving over their suburban lawns and gardens, perhaps they, too, will see the value of reservoir water for people rather than for fish. The new dust bowl may soon see a different generation of Joads abandoning California for a wetter—and more prosperous—Midwest.

Could California still save itself? New reservoirs to store millions of acre-feet of snowmelt could be built relatively

quickly for the price of the state's high-speed rail boondoggle. Latino voters—the state's largest minority—might come around to the view that the liberal coastal elite's obsession with environmental regulations leads to higher electricity rates, gasoline prices, and food costs, along with fewer jobs and economic opportunities. Barring that, there may be only two things left for California farmers to do: pray for the recent wet weather to continue; and, if it does, pray further that environmentalists do not send the precious manna from heaven out to sea.

*Victor Davis Hanson is a contributing editor of City Journal and the Martin and Illie Anderson Senior Fellow in Classics and Military History at the Hoover Institution at Stanford University. This article first appeared in the Winter 2015 Edition of City Journal.*



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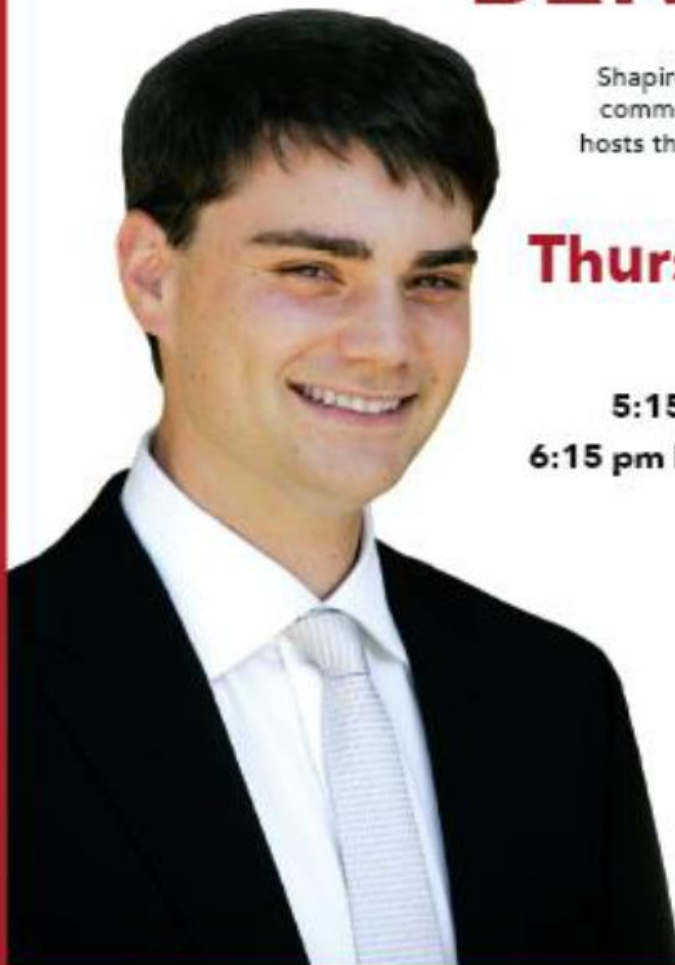


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(Revised 1/2013)