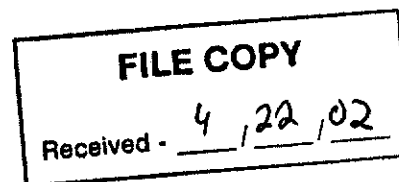


STATEMENT
to the
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
regarding the proposed
IID / SDCWA Water Conservation and Transfer Program

by
Heidi Kuhn, First Vice President
Imperial County Farm Bureau

April 22, 2002
Holtville, California



Good Morning, Members of the Board, and welcome to the Imperial Valley. My name is Heidi Kuhn and I am First Vice President of the Imperial County Farm Bureau. We are pleased that you have chosen to hold this meeting in the Imperial Valley so you can hear first-hand farmers' commitment to being good water stewards and being part of a regional water solution.

We hope the comments you hear today will help you understand our grave concerns with the current structure of the proposed Water Conservation and Transfer program between IID and the San Diego County Water Authority. The Imperial County Farm Bureau has designed and proposed a conservation framework of its own that is supported by the vast majority of water users in this county. You will here more about this proposal during your hearings tomorrow in Sacramento.

The Imperial County Farm Bureau has a membership of 880, and you probably know that agriculture produces direct revenue of \$1 billion annually in this county. Of course, that figure does not include the huge amount of jobs and economic activity that is directly and indirectly tied to the agricultural industry here, beyond direct agricultural output. You probably also know a little about the rich history of vision, innovation, and incredible hard work, deprivation, and dedication of our forefathers, that has resulted in one of the most water-efficient and cutting-edge irrigation systems in the world. Today's Imperial Valley farmers are willing to continue our hard work and innovation in conserving more water for

Southern California, but we cannot be expected to do so at the cost of economic or environmental devastation to our Valley, our community, and our way of life.

The farm community here has waited several years for a conservation plan to be put forth by the IID Board of Directors. What we have now finally received from the IID is not specific or concrete enough to guarantee that the conservation goals of the transfer program can even be met. If our ability under this Plan to fulfill our contractual obligations for transferring water is in serious doubt, then the resulting penalties place our basic water rights in serious doubt as well.

The incentive under the IID's plan will be to conduct the lowest-cost method of conservation, fallowing or simply farming less, because landowners will be paid to reduce their diversions without any conditions being placed on their water use efficiency. If our conservation efforts are not increasing our water use efficiency, once again our water rights are in extreme jeopardy.

The biggest impediment to the transfer agreement as it is currently structured is that it does not protect landowners and farmers from court orders or lawsuits related to environmental impacts. While the contract between IID and San Diego allows termination of the agreement if environmental mitigation costs reach a certain level, there is no provision to protect IID and its landowners against impacts after they occur. We have been told repeatedly since early in the transfer process that we would have a "no surprises" deal, that all claims and mitigation costs would be discovered before the final approval of the contract. Now it appears that some situations are not covered under the legal assurances contained in the transfer agreement.

It is imperative that the IID and its landowners actually be indemnified against any order or judgement to mitigate or pay for damages that exceed the amounts specified in the contract, if such damages result from our good-faith effort to fulfill our contractual obligations. It is essential that we be protected from surprises that could materially change the deal after it

has been approved. Without such indemnification, I, as a farmer and landowner, would be completely opposed to IID's participation in this transfer.

The membership of the Imperial County Farm Bureau has many other grave concerns with the transfer program as structured. These include:

- 1) Participation is not voluntary, because non-participants are bound by the same allocation and pay-back requirements, only without compensation. We strongly object to any landowner's right to receive water being diminished without fair compensation.
- 2) It imposes a permanent, restrictive water allocation program on all farms that is unjust and unfair, rewarding past inefficiency and penalizing any past conservation efforts.
- 3) Farmers will be forced to under-use their water in order to avoid heavy pay-back penalties. This will result in unused water being sent to junior right-holders for free and result in under-production in our own community.
- 4) Contains a no-fallowing clause that is not defined adequately.
- 5) Since the contract is subject to abrupt, premature termination, it is essential that conservation measures be financed on a pay-as-you-go basis. The current contract, with no up-front capital infusions or financing, requires IID or landowners to go into considerable debt, with no guarantees of repayment if the deal is terminated early.
- 6) There are serious hazards presented in the current pricing formula and its complicated nature makes it impossible for everyone but a trained economist to understand. Landowners must be clear about the potential risks and rewards before they sign up.
- 7) The primary contract term should be limited to the length of San Diego's wheeling agreement. We must receive some assurances that another canal will not be promoted or built by our water partners unless it is in the interest of all parties.

Finally, farmland owners and large water users are an extremely small percentage of the total registered voters in the IID – the IID serves many more electricity customers than water customers. In addition, many landowners live outside of the IID service area. Therefore the directors of the IID Board, while they do not necessarily want to do harm to the farmers of the

Imperial Valley, face overwhelming political and structural impediments to crafting a water conservation and transfer program that meets the needs of farmers and creates the necessary amount of water conservation. Therefore the Imperial County Farm Bureau strongly urges you, the members of the SWRCB, to seriously consider the concerns of the farming community with the water transfer plan as it is currently structured. After all, it is 435 farmers in this community who are being asked to conserve water for three million people on the coast.

While we are supportive of the water transfer going forward, we strongly urge you to condition your approval upon resolution of the main issues we have outlined today. Thank you very much for your consideration.