



## PRESS RELEASE

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### **Study Underscores Impact of Court Imposed Water Pumping Restrictions** *California Economy and Water Supply Reliability Hit Hard*

**BERKELEY, CA** – A new study released today underscores the severity of the statewide economic and water supply implications of ongoing water pumping restrictions imposed by federal courts in California to protect the Delta smelt. According to the study, statewide economic impacts can exceed \$1 billion per year during drought years such as those currently facing the state and may well exceed \$3 billion should the state enter a prolonged dry period. Additionally, the report documents the severe water supply implications of the Court's orders. Even during average and wet periods the Court imposed restrictions exacerbate ongoing drought conditions by limiting the ability of water managers to replenish water storage facilities and groundwater reserves. The net result is a significant additional blow to the state economy and a greatly reduced ability to respond to severe drought and other emergencies.

“The study documents immediate and very severe economic impacts to an already reeling state economy and highlights the longer-term water supply implications resulting from a reduced ability to replenish our reservoirs, groundwater storage facilities and other critical reserves, said Terry Erlewine, General Manager of the State Water Contractors. The sad reality is the courts have taken over operational control of the state's water supply system. Clearly, the state's residents, farms and businesses will be paying a steep price for years to come.”

Commissioned by Bay Area, San Joaquin Valley and Southern California water users, the timely report was designed to provide a better understanding of the economic and water supply impacts of an Interim Order, designed to protect the Delta smelt, imposed by Judge Oliver Wanger of the United States District Court for the Eastern District of California last December 14, 2007. The study also provides important insight on the economic and water supply reliability impacts of additional restrictions being sought for fishery and ecosystem protection. The crucial assessment comes just as a court-ordered revised Biological Opinion outlining the impacts of the state's water pumping operations on the endangered smelt is due to be submitted. The study's estimates are very conservative since only the Delta smelt restrictions were considered, and modeling assumptions tended to underestimate supply impacts. Other equally problematic restrictions could soon be in place for salmon, longfin smelt and other native Delta fish. As a result, total economic and water supply implications would likely be even more severe in the future.

“The export restrictions imposed in a effort to conserve the Delta smelt clearly add significant new risks to California's water supply system, said Dr. David Sunding, author of the study and a professor of agricultural and resource economics at UC Berkeley. The water pumping restrictions not only worsen the current drought, they also ensure that water rationing, fallowed farm land and economic dislocation will be the norm. The study highlights the unsustainable nature of the state's current water system. Rather than a

series of court-imposed restrictions aimed at individual species, California would benefit from a more comprehensive fix for the delta.”

***Specific water supply and economic impacts include, but are not limited to the following:***

- ***Pumping restrictions, such as those resulting from the Wanger Interim Order, significantly reduce the reliability of water deliveries from both the State Water Project (SWP) and Central Valley Project (CVP).***
- ***For both the SWP and CVP, supply reductions are greatest in years with near average water supplies greatly impacting water storage and groundwater replenishment efforts.***
  - SWP impacts average 414 thousand acre-feet (TAF)/yr or roughly the amount of water needed to serve over 3 million residents.***
  - Impacts would be as high as 700 TAF/yr in “above average” years.***
  - CVP impacts average 170 TAF/yr but exceed 263 TAF/yr in “above average” years.***
- ***Statewide economic impacts average over \$500 million annually with most of that impact in the San Joaquin Valley and Southern California. Economic impacts will be much greater in drought conditions.***
- ***Annual economic losses could soar in excess of \$3 billion should the state enter a prolonged dry period, such as the one experienced from 1987-1992.***

“The economic and water supply impacts of court imposed water supply restrictions are very sobering,” said Michael Boccadoro, spokesperson for the Coalition for a Sustainable Delta. “The study underscores the need to make sure we get the science correct before more restrictions are imposed. Environmental activists are playing a very dangerous game with the state’s economy and the livelihoods of the state’s residents as they seek additional restrictions.”

Environmental and sportfishing groups last week filed suit to force the complete and total shutdown of delta water pumping operations.

The study was prepared by Berkeley Economic Consulting, under the direction of Dr. David Sunding, a well known and respected University of California professor of Agricultural and Resource Economics at Berkeley.

***Questions about the study can be directed to Dr. Sunding directly at 415-299-2653. All other inquiries should be directed to Mr. Boccadoro at the numbers listed above.***

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***For more information or a copy of the full report, visit [www.sustainabledelta.com](http://www.sustainabledelta.com)***