

The California Drought and Its Impact on the Movement of Goods

A presentation to the California Marine and Intermodal Transportation System Advisory Council

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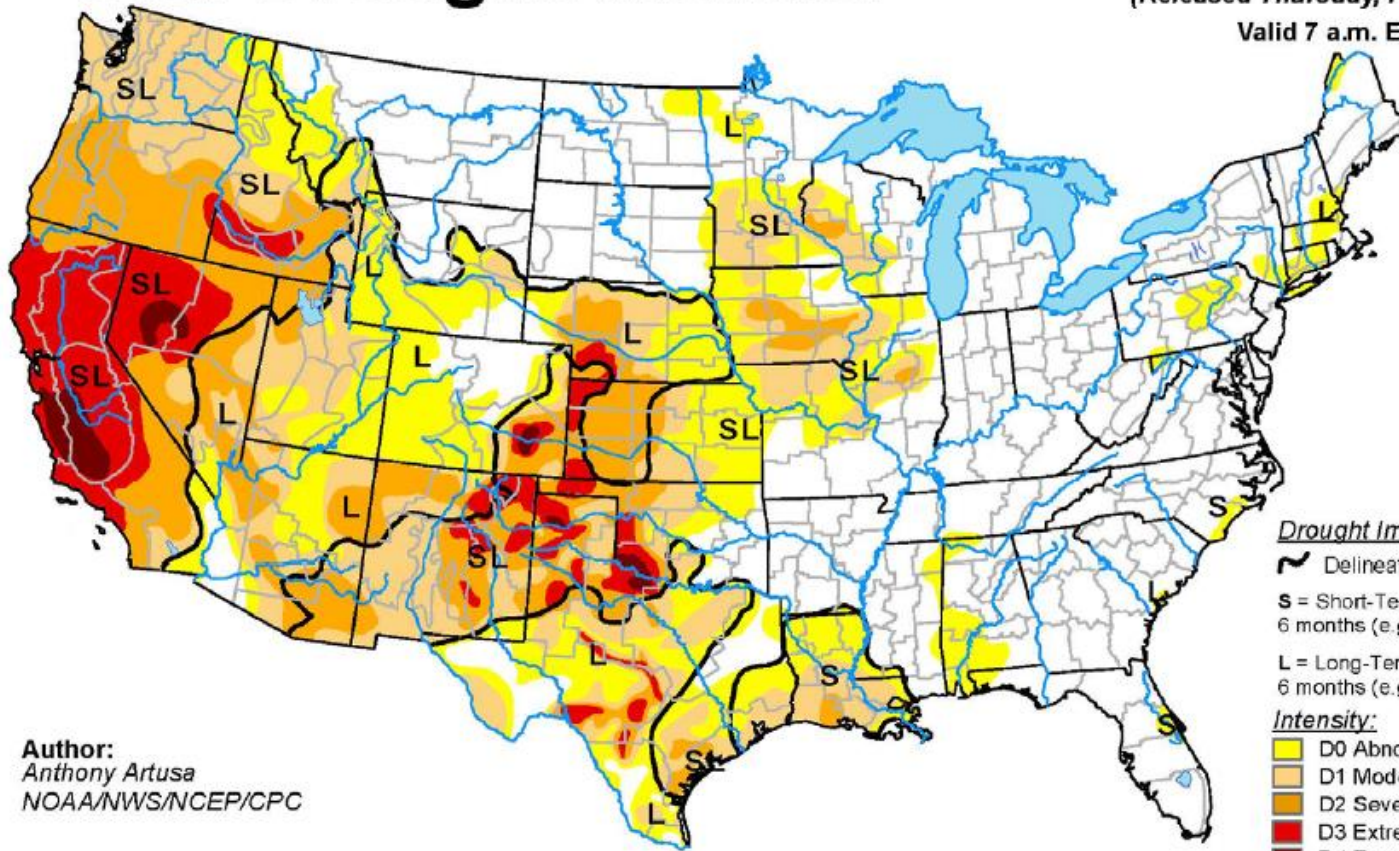


The Drought is here, and it is
severe.

It will have significant impacts
on agriculture and the trade
economy.


U.S. Drought Monitor

February 4, 2014
 (Released Thursday, Feb. 6, 2014)
 Valid 7 a.m. EST








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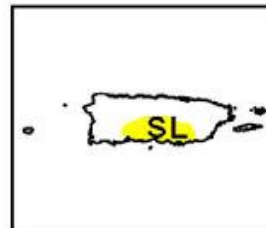
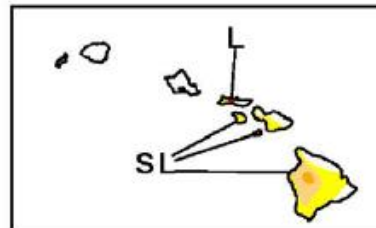
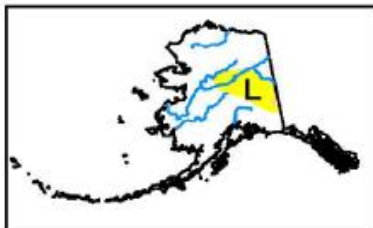
Drought Impact Types:

-  Delineates dominant impacts
- S** = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L** = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

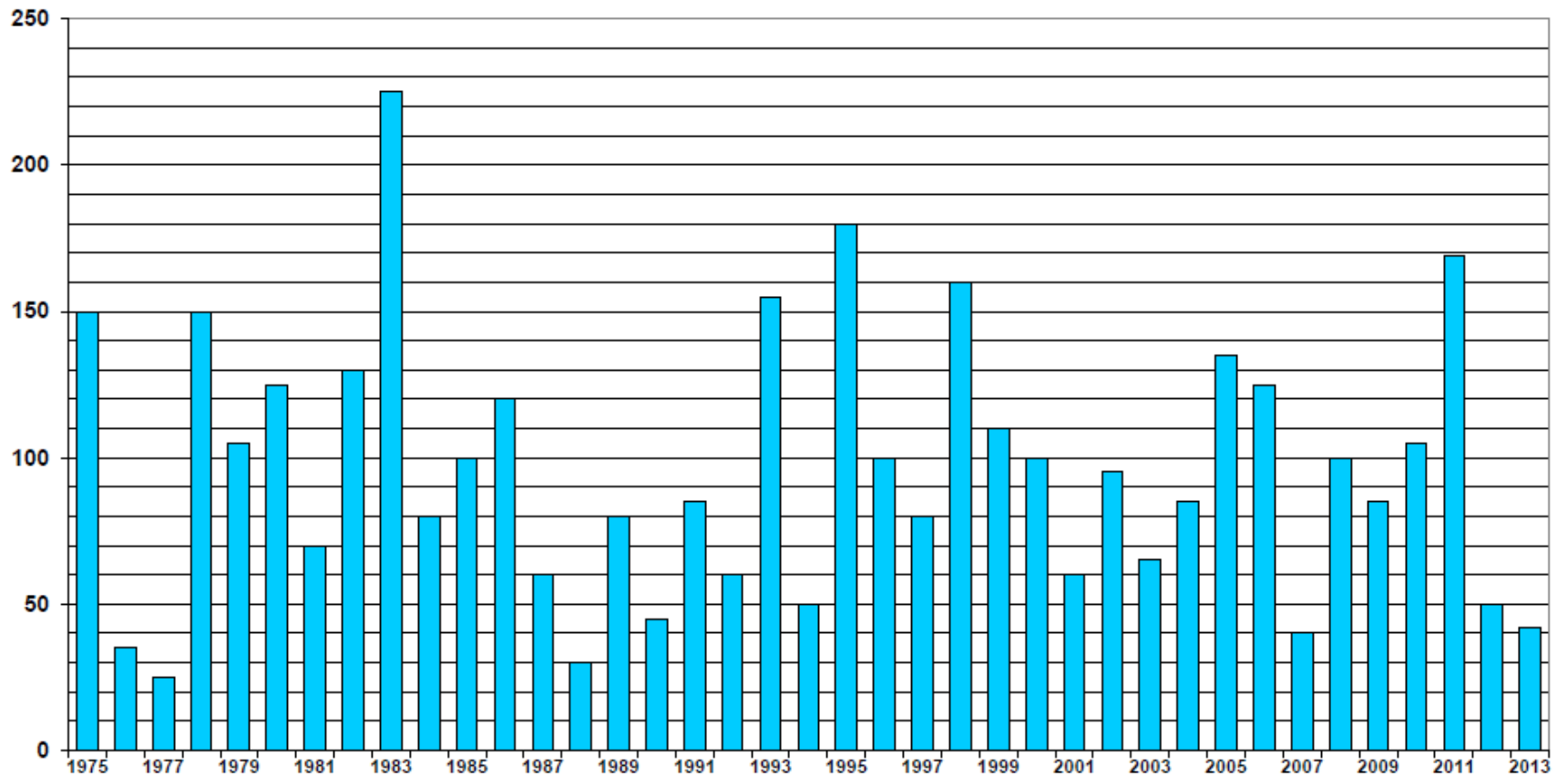
-  D0 Abnormally Dry
-  D1 Moderate Drought
-  D2 Severe Drought
-  D3 Extreme Drought
-  D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



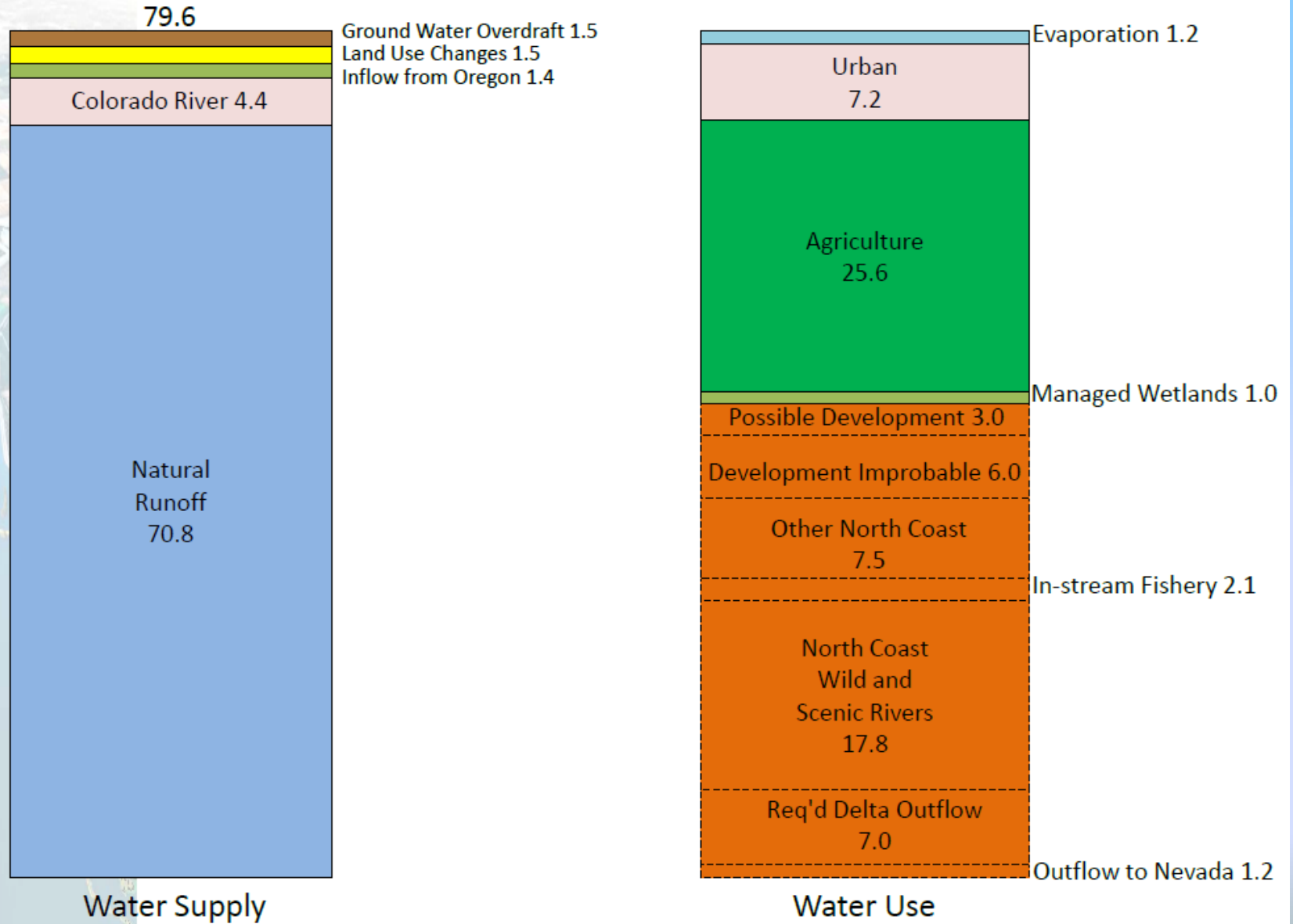
<http://droughtmonitor.unl.edu/>

April 1 Snowpack Water Content Statewide Percent of Average



Drought has an extremely negative impact on California's agricultural industry...

CA 2012 LEVEL WATER SUPPLY AND USE (Million Acre-Feet)



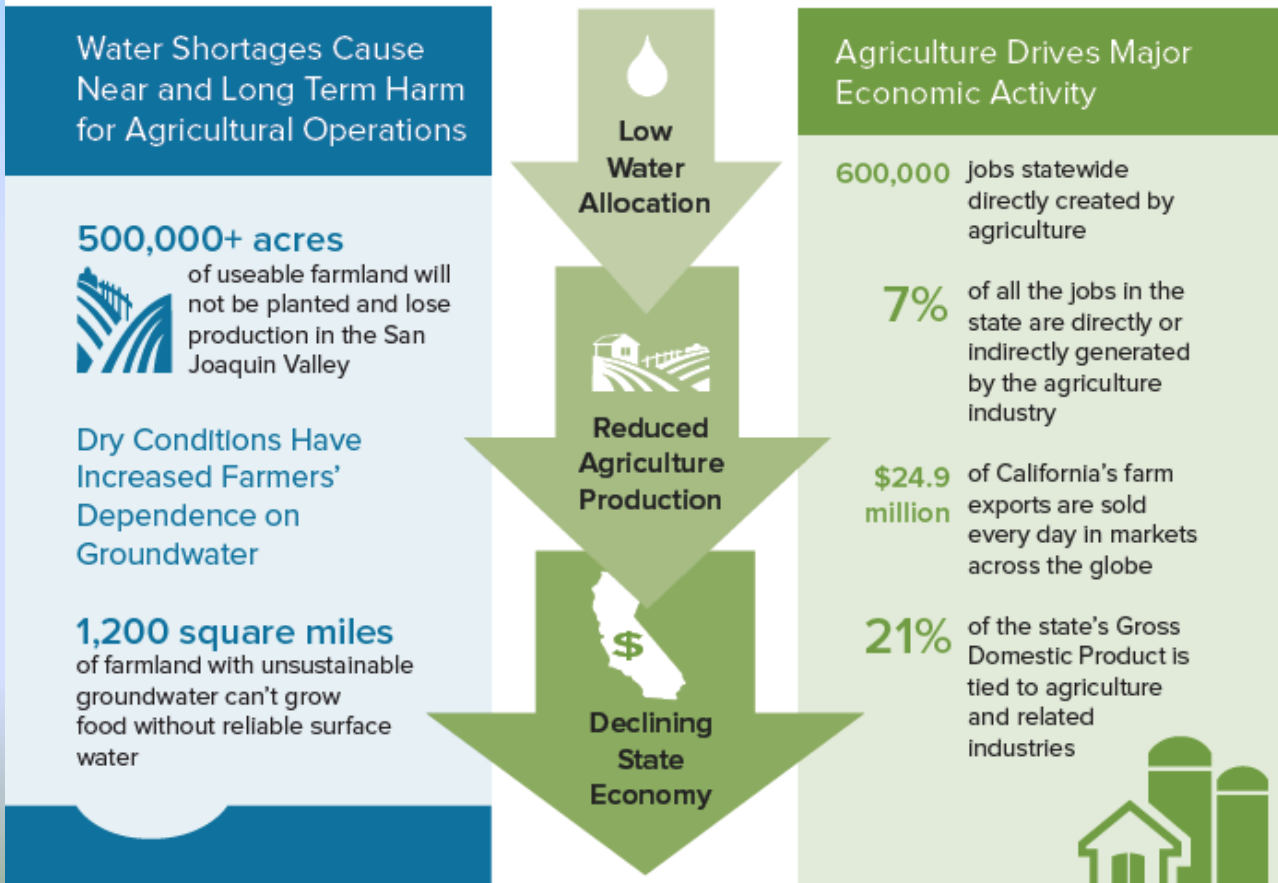
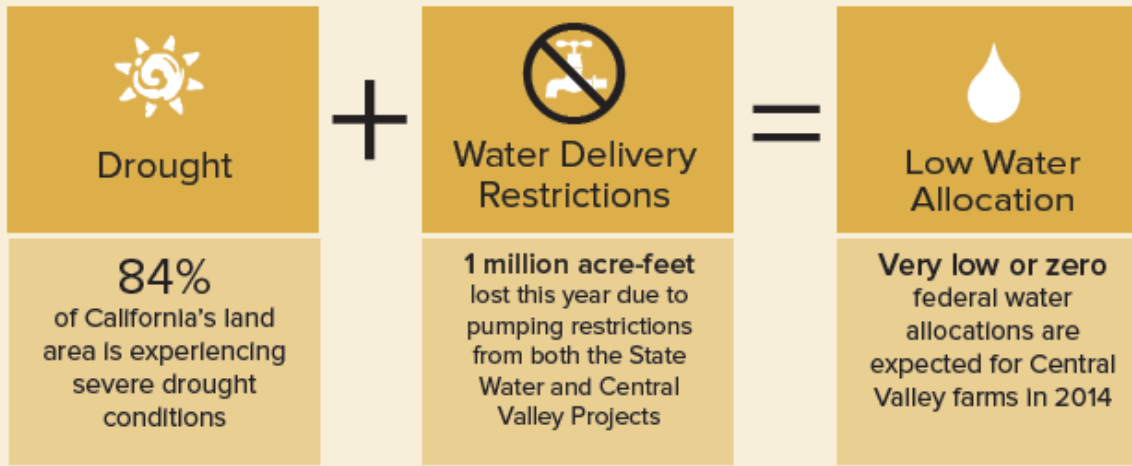
Economic Losses to Agriculture During the 1976-77 drought

Total Agriculture loss: 574.5 million dollars in 1976 and 891.5 million dollars in 1977.

In 1976 the biggest area of loss was Livestock (467.4 million dollars.)

In 1977 the biggest areas of loss were Livestock (414.5 million dollars) and Well Costs (300 million dollars.)

Source: The 1976-1977 California Drought: A Review, published by the Department of Water Resources



Water Restrictions Threaten
Agriculture Operations and Reduce
the Industry's Economic Activity

AT RISK

(based on 2009 water shortage impacts)

- \$2.8 billion** In foregone statewide income from jobs lost
- 6%** of CA's total economic activity comes from agriculture
- \$11 billion** In annual state revenue
- \$2.2 billion** In gross direct and indirect losses to the Central Valley
- 40%** of Central Valley jobs are tied to ag production and related processing

Source:
California
Farm Water
Coalition

The Water Crisis Will Cause a Decline In
Trucking, Shipping, Trade and
Food Processing Industries

AT RISK

-  **95%** of California's agriculture is transported by freight
-  **\$640 billion** in exported goods are processed by the ports in Los Angeles, San Diego and Bay Area counties
-  **1.4 million** jobs are generated by the movement and exporting of goods through California ports
-  **640,000** people work in trade related jobs in the Southern California Region
-  **Over 50,000** food processing jobs in CA are directly tied to agriculture production

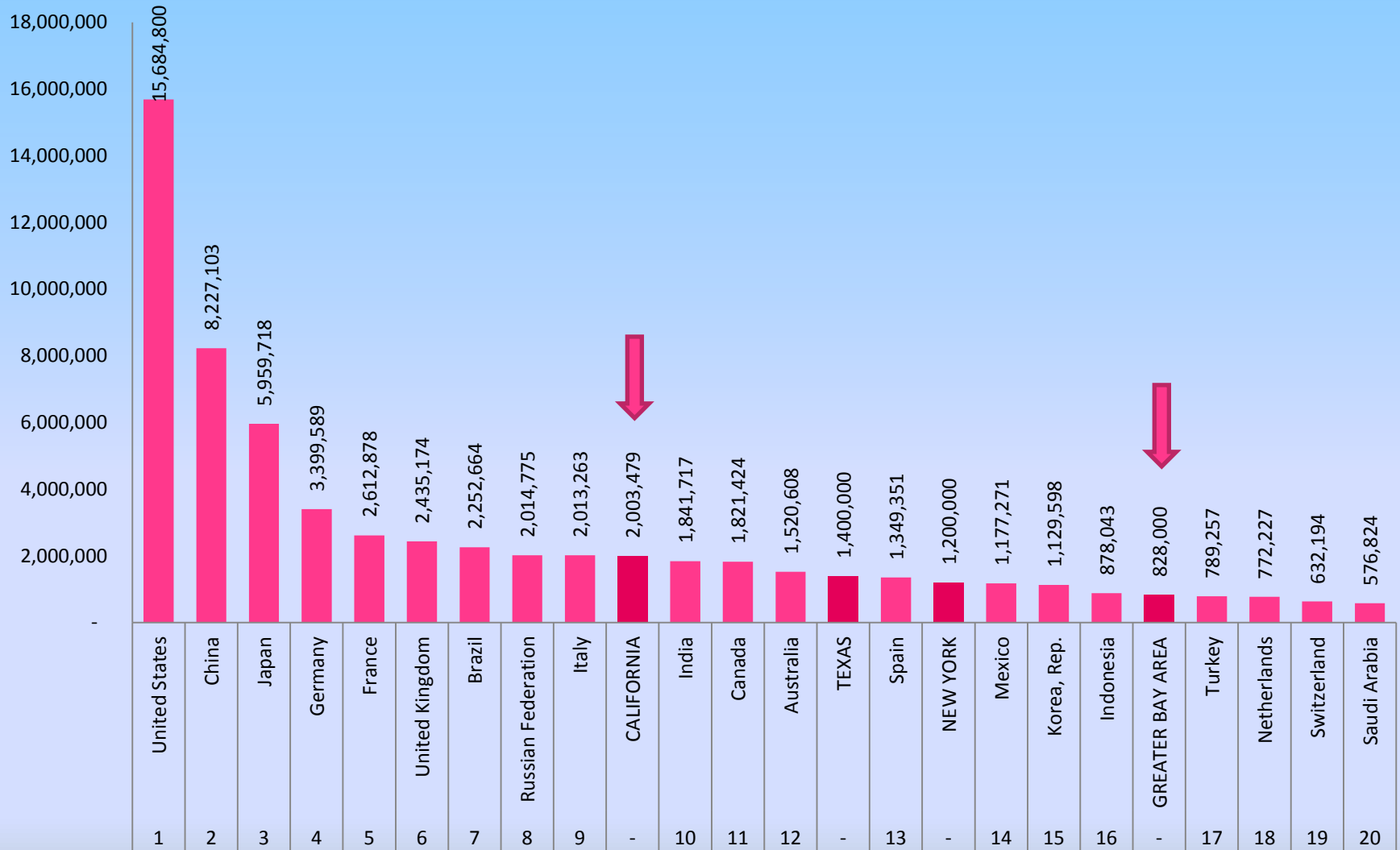


Negative impacts on the
Agricultural Industry have
negative impacts on our Ports
and our Economy....

The Bay Area is an Economic Powerhouse

- California's 2012 GDP, \$2.003 trillion, was the largest of any state in the country, followed by Texas (\$1.4 trillion) and New York (\$1.2 trillion).
- California's 2012 GDP of \$2.003 trillion was the **10th largest in the world**, between Italy and India.
- The Bay Area (\$594 billion), the Sacramento Metropolitan Area, and Stockton have a **combined GDP of \$828 billion** as a region, which **ranks 17th in the world** between Indonesia (\$878 billion) and Turkey(\$789 billion).

2012 World GDP Rankings (by millions of current US dollars)



The Economic Impact of Our Ports

Port of Benicia

Exports (2012) – 310 thousand metric tons, valued at \$12.5 million⁹

Imports (2012) – 150 thousand metric tons, valued at \$2.5 billion⁹

Port of Oakland

5th Busiest Seaport in the Nation

Export Tonnage (2012) – 6.6 million metric tons, valued at \$14.2 billion³

Import Tonnage (2012) – 5.6 million metric tons, valued at \$25.0 billion³

Economic Impacts to the region (2010 report)³:

Jobs – 73,565 (direct, induced & indirect)

Labor income (earnings) - \$4.4 billion

Local and state tax revenues - \$462.7 million

\$6.8 billion of annual economic impact of the Port of Oakland

Port of Redwood City

Total Imports and Exports (2012) – 1.3 million metric tons, valued at \$159 million⁸

Port of Richmond

Exports (2012) – 2.0 million metric tons, valued at \$1.1 billion⁵

Imports (2012) – 9.0 million metric tons, valued at \$8.3 billion⁵

Port of San Francisco

Exports 8,400 metric tons (2012)⁴

Imports 1.23 million metric tons (2012)⁴
195,000 passengers, \$2.4 million revenue generated (2012)⁴

Port of Stockton

Exports (2012) – 1.1 million metric tons⁶

Imports (2012) – 1.7 million metric tons⁶

Economic Impacts to San Joaquin, Stanislaus and Sacramento Counties⁶:

1,600 jobs in the Port

900 other direct jobs

2,000 indirect and induced jobs

Port of West Sacramento

Total Imports and Exports (2012) – 330 thousand metric tons⁷

Northern California Ports and US Food Security

- The Port of Stockton imported 1.1 million tons of fertilizer in 2012- over 90% of the fertilizer used by the state of California's agricultural industry.
- The Port of Oakland exported over 3.5 million metric tons of agricultural related commodities or approximately 37.2% of California exported agricultural products.
- **In 2012, agricultural, food and beverage-related goods accounted for 47.7% of the Port of Oakland's exports by value, and 53% of its exports by weight.**
- More than 50% of all US wine exports (by value) move through the Port of Oakland

The Port of Oakland: a major gateway to and from Asia

Oakland's Trading Partners



Top Exported Commodities by Value, Port of Oakland, 2013

Oakland's total value of all exports = \$14.6 Billion

Commodity	\$ Millions
1 Edible Fruit and Nuts	3,139
2 Electrical Machinery	2,491
3 Meats	2,149
4 Foodstuffs	1,027
5 Wine and Spirits	937
6 Dairy Products	569
7 Precious Rare Earth Metals	511
8 Medical Equipment	444
9 Vehicles	401
10 Cotton	330

What can you do?

- Support ACWA's Statewide Action Plan
- Support a Water Bond in November 2014 that will best serve California's complex water supply needs
- Put pressure on Legislators and the Governor

Statewide Water Action Plan for California

- ACWA's Board of Directors unanimously approved a Statewide Water Action Plan for California on Sept. 27, 2013. Developed by a broad cross-section of member water interests convened by ACWA over several months, the plan outlines 15 actions to improve water supply reliability, protect water rights, protect the integrity of the state's water system and promote better stewardship. It also includes guiding principles for implementation of the plan to help ensure actions benefit the entire state, respect water rights and contract terms, and reflect a new regulatory approach that can better meet the needs of water users and ecosystems.
- The Statewide Water Action Plan was submitted to Gov. Jerry Brown on Oct. 2, 2013 as the water community's recommendations for developing the Administration's water plan for the state.

Key Elements of ACWA's Statewide Water Action Plan

Actions to improve Statewide Water Supply:

- Expand Water Storage Capacity (both surface and groundwater)
- Invest in water use efficiency/Integrated Regional Water Management Plans
- Facilitate water transfers
- Protect and improve water quality
- Pass a water bond

Actions to Protect Water Rights:

- Respect area of origin commitments
- Ensure that reservoirs are not operated to “dead pool” as a result of state regulations or actions

Actions to Protect the Integrity of the System

- Complete the Bay Delta Conservation Plan, consistent with the Statewide Water Action Plan
- Invest in levee improvements / maintenance
- Prepare for emergencies to protect public safety
- Improve and expand groundwater management

Actions to Promote Better Stewardship

- Integrate headwaters management to sustain the environment and improve statewide water quality and supply
- Coordinate state and federal regulatory actions
- Implement flow regulations through a collaborative, science-based process to promote the co-equal goals



Proposal for a Modified 2014 Water Bond

ACWA's Board of Directors is supporting modifications to the current 2014 water bond to protect key statewide priority areas and aid its passage next year. Below is a proposed modified water bond developed by the ACWA Water Finance Task Force consistent with the policy principles adopted by the ACWA Board of Directors in March 2013.

Category 1: Local Resources Development Support **\$2.150**

Disadvantaged Communities	\$0.300
IRWMP / Rural Support	\$0.450
IRWMP / Urban Support	\$0.650
Groundwater Quality	\$0.300
Recycling and Conservation	\$0.450

Category 2: Delta Ecosystem Rest. & Watersheds **\$3.050**

Delta Sustainability	\$2.250
Watersheds	\$0.800

Category 3: Storage for Coequal Goals **\$3.000**

Statewide Water System	\$3.000
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Total Investments (in billions) \$8.200

Three Distinct Proposals on the Table

Funding Category	ACWA Proposal	SB 42 (Wolk)	AB 1331 (Rendon)
Local resources development	\$2.15 billion	\$2.8 billion	\$2.5 billion
Delta sustainability	\$2.25 billion	\$0.6 billion	\$1.0 billion
Watersheds	\$0.8 billion	\$1.1 billion	\$1.5 billion
Floods	\$0.0 billion	\$0.975 billion	\$0.0 billion
Storage	\$3 billion*	\$1 billion	\$1.5 billion*
Total	\$8.2 billion	\$6.475 billion	\$6.5 billion

*continuous appropriation

Thank you!

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