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Testimony on “*Questionable Fish Science and Environmental Lawsuits: Jobs and Water Supplies At Risk in The Inland Empire*”
October 18, 2011

Chairman McClintock and Members of the Committee, thank you for this opportunity to testify before you today. My name is Pete Aguilar and I am the Mayor of the City of Redlands, California.

I appear before you as a representative of a City in an area where the economy will be severely impacted by the new Santa Ana Sucker boundaries drawn by the US Fish and Wildlife Service. But before I get to that, please let me tell you a little bit about the Inland Empire and its economy.

San Bernardino County is the largest county in the nation in terms of total land area. San Bernardino County and Riverside County, which lies to the south, comprise the Inland Empire, which was one of the fastest growing metropolitan areas of California and the United States from 1997 to 2006. San Bernardino County has a population of 2.1 million people, with just under 608,000 wage and salary jobs. The per capita income in San Bernardino County is \$27,387 and the average salary per worker is \$46,393. But, because the area has suffered from large real estate and labor market declines, the economic fallout has been severe over the last few years.

Economic growth in Southern California declined sharply in 2008 and 2009 and job losses were the largest on record. In 2010, 36,500 total jobs were lost in San Bernardino County, representing a 5.7 percent loss of employment. The unemployment rate increased to 13.9 percent in 2009 and reached 14 percent in 2010. Employment in the construction sector fell by 8,150 workers, a decline of 24 percent. This contraction was due primarily to a decline in new home production (down 90 percent from the peak in 2004). Employment declined in both the manufacturing and retail trade sectors by just over 7,000 jobs each. The only sector to record positive job creation was education and health services.

Even though the national recession officially ended in June 2009, the Inland Empire's economic output shrunk 0.6 percent last year.

There is no question the expansion of the critical habitat of the Santa Ana Sucker will bring dire economic consequences for our communities which are already suffering more than most, and have been severely impacted by foreclosures.

The State of Homelessness 2011 showed San Bernardino County had a 66 percent increase from the 2009 homeless count, with almost 3,000 people counted as being homeless in 2010 compared to almost 2,000 counted in 2009. The National Alliance to End Homelessness conducted the report and found our dismal economy was a significant reason for the increase. Increasing unemployment, decreasing real income for the working poor and an increase in households with incomes below the federal poverty level were all factors associated with the data, according to the report.

As everyone here today is aware, the Santa Ana Sucker is a small fish that lives in the Santa Ana River and has been listed as a Threatened Species since 2001 under the Endangered Species Act. A Task Force was formed when the fish was first listed and has worked with the Fish and Wildlife Service to study the fish and monitor its progress. This Task Force has participated with federal and state agencies in a Habitat Conservation Plan for many years. In 2005, the Fish and Wildlife Service established an area of Critical Habitat for the fish. At the time, they intentionally excluded the dry upper Santa Ana River areas as critical habitat, finding that the dry areas were not essential to the conservation of the species and the enormous costs to the Inland Empire's economy far outweighed any benefits to the species.

But in December 2009, the Service announced that it would revise the Critical Habitat without giving any scientific or economic rationale for doing so. A legal settlement between the USFWS and the Center for Biological Diversity directed the Service to undertake a review of the Sucker's habitat, however the settlement did not require the 2005 designated Critical Habitat be revised in any way. Moreover, the lawsuit settlement did not override existing law.

I believe the Fish and Wildlife Service's decision totally disregards the scientific and economic realities of the Inland Empire. As you know, the Endangered Species Act specifically mandates that the Service's decisions must consider the economic impacts to a community. Unfortunately the Service's new Santa Ana Sucker habitat designation does not include these required considerations, and as such, endangers the economic well being of an entire region, which is already suffering from 14 percent unemployment and other economic ills.

It goes without saying that providing adequate water supply is one of the biggest challenges in Southern California today and for the foreseeable future. Southern California has suffered through repeated droughts and has experienced huge growth. In fact, 2.1 million more people are expected to live in the Inland Empire area between 2008-2035. In addition, water shortages have been aggravated by the situation in California's Delta with the Service's ruling on the Delta Smelt fish which have caused reductions in water imported to Southern California.

Restrictions on drawing water from the Delta have had a widespread effect, and one of the most effective methods of compensating for reduced Delta water supplies is the creation of reliable local water supplies.

The expanded Critical Habitat for the Santa Ana Sucker directly opposes water agency efforts in the Inland Empire to capture stormwater, recharge our basins and reduce our reliance on imported water. Local water agencies are undertaking projects intended to better utilize water recycling, desalination, and flood control projects/groundwater recharge projects which will expand our supplies of local water and recharge our depleted groundwater basins. However, the new Sucker Critical Habitat designation will prohibit important projects from moving forward.

Loss of water as a result of the new Sucker habitat designation in the normally dry, ephemeral upper reaches of the Santa Ana River would mean the loss of up to 125,800 acre feet of water a year to the Inland Empire. If there was a source to replace this lost water, which there isn't, the 25 year cost would be \$2.87 billion. If local taxpayers were to put aside money today to buy this water the cost would be \$1.87 billion, using a 3% interest rate. The Service did not use proper accounting methods to arrive at their lower number; rather the Service used

several tricks, such as using an unrealistic 7% interest rate. Still, the Service's economists ended up with a \$694 million present day cost to local taxpayers. Much more than our Inland Empire residents can afford to pay! All this for the inclusion of a dry habitat zone that in 2005 was deemed by the Service not necessary for the species existence.

What is even more important to understand is that there will not be any water to replace the lost 125,800 acre feet of local water, at any cost. Even if we could afford to buy it, there is no water to buy. In March 2011, with California's snow pack at 165% of normal, the State Water Project estimated that it will only be able to supply its regional water agencies 70% of their current water allocations. Those allocations were 50% in 2010, 40% in 2009, 35% in 2008, and 60% in 2007. If the Service's intent is for the Inland Empire to substitute the loss of our local water supply with State Water Project water, due to other Service designations, it will not be available. Because of the Service's prior actions, keeping local water supplies intact is more important than ever.

California law mandates that local water agencies must certify a 20 year supply of water before any major residential, retail, office or industrial project can be built. The San Bernardino and Riverside region, with a current unemployment rate of over 14%, economic development is desperately need. The region also needs to be able to house its growing population. According to economist John Husing, the forecast is that 472,104 added households will locate in the area impacted by the new Sucker designation.

Several area lawmakers have banded together to try to halt the new Sucker designation by placing language in House appropriations legislation. I commend these Members in their efforts to prevent economic catastrophe in the Inland Empire. I respectfully request your Committee work with these Members and the Appropriations Committee to ensure that this language stays intact as the Fiscal Year 2012 appropriations process moves forward to a conclusion.

On behalf of the struggling Inland Empire communities, I respectfully request this Committee play an active role in oversight of the US Fish and Wildlife Service and its use of the Endangered Species Act and ensure the Service follow the mandates

of the Endangered Species Act that require the use of impacts to humans and economic realities to determine habitat designations.