



To: Republican Members of Congress
From: Water, Oceans and Wildlife Subcommittee Republican Staff: Kiel Weaver (Kiel.Weaver@mail.house.gov), Annick Miller (Annick.Miller@mail.house.gov), and Rob MacGregor (Robert.MacGregor@mail.house.gov)
Date: May 9, 2022
Subject: Republican Forum on “How Western Drought Affects Every American”

Committee on Natural Resources Ranking Member Bruce Westerman (R-AR) will host a forum on how the ongoing western drought contributes to skyrocketing food and electricity prices nationwide on **Wednesday, May 11, 2022, at 2:00 p.m.** in Room 217 of the Capitol Visitor Center and online via Zoom.

Member offices are requested to notify Baylee Seeman (Baylee.Seeman@mail.house.gov) **no later than Monday, May 9, 2022, at 4:00 p.m.** if their Member intends to participate in person in the forum room or remotely from his/her laptop from another location. To continue hearing from local stakeholders and rural Americans who lack the resources to travel to Washington, D.C., we will provide a virtual option for witnesses via Zoom.

Please contact Bailey Mailloux (Bailey.Mailloux@mail.house.gov) should any technical difficulties arise.

I. KEY MESSAGES

- The U.S. is facing yet another record-breaking drought year in the West. Farmers and ranchers in some of these areas are receiving little to no water from federal water projects as we enter the dry summer months.
- Electric utilities that normally receive hydropower from these water projects also face increased energy costs due to the need to replace reduced hydroelectric capacity with more expensive power from other sources.
- Meanwhile, Putin’s unhinged rampage in Ukraine has decreased and destabilized worldwide agricultural commodity production and availability.
- Rising input costs, combined with the ongoing Biden energy and supply chain crises, continue to impact food supply and demand.
- All these factors have combined to cause significant inflation. Food prices alone have increased 9 percent this year.

This document has not been officially adopted by the Committee on Natural Resources and therefore may not necessarily reflect the views of its Members.

- The Biden administration has no real answers for solving these problems and the Democrat House Majority refuses to act on fixing food inflation and the factors – like drought – that have contributed to this problem.
- This forum is a step towards finding short and long-term answers to these real-life problems.

II. MEMBERS AND WITNESSES (three minutes of testimony from witnesses):

- **Mr. Bill Diedrich**, California Water Farm Coalition, and Owner, Diedrich Farms, Inc., Firebaugh, California
- **Mr. Ryan Ferguson**, District President, Westlands Water, Lemoore, California
- **Mr. Kent Holsinger**, Attorney, Holsinger Law, LLC., Denver, Colorado
- **Mr. Dan Keppen**, Executive Director, Family Farm Alliance, Klamath Falls, Oregon
- **Mr. Todd Manley**, Director of Government Affairs, Northern California Water Association, Sacramento, California
- **Ms. Nichole Rolf**, National Affairs Director, Montana Farm Bureau Federation, Bozeman, Montana
- *Additional witnesses TBD*

III. BACKGROUND

In May 2021, House Republicans held a forum on the significant economic impacts of the western drought. During that forum, Republicans heard from county commissioners, farmers, ranchers and water district managers on how the drought is impacting their operations, but also how Congress and the Biden administration need to focus on short and long-term solutions to not only mitigate the current drought but to help avoid future droughts. A key point discussed during the forum was the overwhelming amount of regulatory red tape that stands in the way of solutions such as water storage and federal forest management.

A year later, western drought conditions have not generally improved and in some cases, are significantly worse. Communities, farmers, and ranchers are all facing another hot summer with limited or no water supplies. Local jobs and economic opportunities disappear as a result. With water costing thousands per acre foot, small farmers will be put out of business further impacting food prices and the food crisis. The abundant production of agricultural products should be prioritized to secure our nation's food supply as well as support the needs of other countries.

Nationwide, consumers have seen their grocery bills increase due to lost food production and other factors. According to the U.S. Department of Agriculture (USDA), average food prices have risen nearly 9 percent since last year.¹ Food price increases in 2022 are expected to exceed those observed in 2020 and 2021.²

Members will hear from witnesses from across the country who are experiencing the impacts of western drought firsthand and further examine the need to implement short and long-term

¹ [U.S. Dept. of Agriculture, Food Price Outlook, 2022](https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/), <https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/>.

² *Id.*

drought solutions. Without changes in federal water law and regulatory policy, the impacts of drought will continue to worsen.

Current Drought Conditions

On March 17, 2022, the National Oceanic and Atmospheric Administration (NOAA) released its U.S. Spring 2022 Outlook, which projected for the second year in a row “prolonged, persistent drought in the West where below-average precipitation is most likely.”³

Since last summer, drought conditions have persisted throughout the West. Many communities have experienced wells running dry⁴ or are facing new municipal water restrictions.⁵ These ongoing drought conditions not only increase the likelihood of wildfires, but also put our domestic agricultural production in jeopardy.

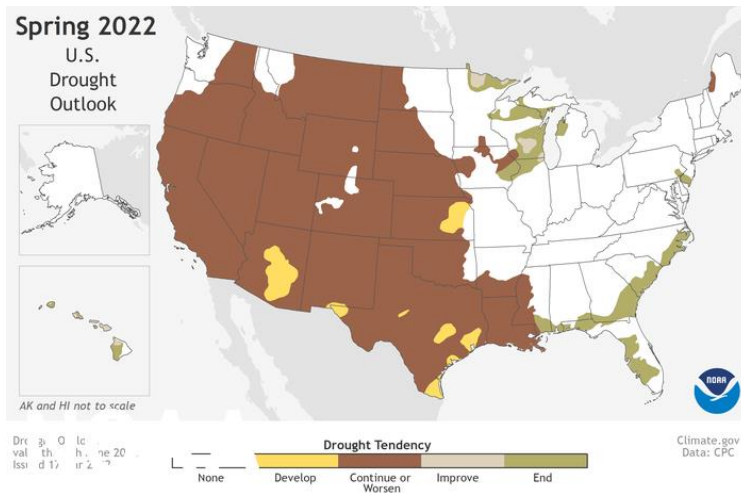


Figure 1 This map depicts where there is a greater than 50% chance of drought persistence, development, or improvement based on short- and long-range statistical and dynamical forecasts during March 17 through June 30, 2022. (NOAA)

For example, in California’s Central Valley, many farmers will not receive water allocations for the season.⁶ Last year, those same farmers saw their water allocations paused due to the worsening drought conditions.⁷ Water supply reductions mean fewer U.S. grown fresh fruits and vegetables for consumers, farm-related job losses, and billions in lost economic activity, impacts that go beyond rural and disadvantaged communities. The impact decreased water supplies have had on California agricultural production is already astounding, as illustrated on [this map](#) of crop reductions in the State of California.⁸

In Oregon, the Department of the Interior’s Bureau of Reclamation (Reclamation) announced last year that the Klamath Project’s main water delivery system would remain closed for the entire 2021 irrigation season, and that no water would be available from the project for the first

³ NOAA. Spring Outlook: Drought to expand amid warmer conditions (March 17, 2022), <https://www.noaa.gov/news/spring-outlook-drought-to-expand-amid-warmer-conditions>.

⁴ Jamie Parfitt. Historic drought leaves Klamath Basin domestic wells high and dry, (Jan. 12, 2022), NewsWatch 12, https://www.kdrv.com/news/local/historic-drought-leaves-klamath-basin-domestic-wells-high-and-dry/article_bbfd9b05-fc40-5b16-9cbf-a477f42ac993.html.

⁵ Cal Matters. 6 million Southern Californians face unprecedented order to conserve water (April 27, 2022), <https://calmatters.org/environment/2022/04/southern-california-conserve-water/>.

⁶ U.S. Dept. of the Interior, Bureau of Reclamation. Reclamation outlines initial 2022 water allocations for Central Valley Project contractors, (Feb. 23, 2022), <https://www.usbr.gov/newsroom/#/news-release/4104>.

⁷ U.S. Dept. of the Interior, Bureau of Reclamation. Reclamation updates Central Valley Project 2021 water supply allocation, (March 23, 2021), <https://www.usbr.gov/newsroom/#/news-release/3796>.

⁸ California Farm Water Coalition, Farm Water has already Been Cut Because of the Drought, (June 2, 2021), <https://www.farmwater.org/wp-content/uploads/2021/06/Allocation-Map-6-2-21.pdf>.

time in 117 years.⁹ The Klamath Water Users Association (KWUA), which represents most of the farms served by the project, estimated that the lack of irrigation water led to a loss of \$100 million in economic activity, a 40 to 60 percent decline in on-farm income, a 10 percent decline in land value, and 700 regional jobs lost.¹⁰ In addition, KWUA estimated that more than 300 homes lost water for drinking, cooking, and sanitation purposes.¹¹ Conditions have not improved in the Klamath Basin and on April 11, 2022, Reclamation informed districts and individual farmers that it is physically impossible to meet the simultaneous requirements for protecting endangered sucker fish in Upper Klamath Lake and delivering water to farms river under its current operations plan.¹² As a result, there is little water available for area farmers, ranchers, wildlife refuges and others downstream.

Beyond farms, electric utilities that normally receive hydropower from federal water projects also face increased energy costs due to the need to replace reduced hydroelectric capacity with more expensive power from other sources. This not only increases rates but puts states at risk of blackouts.¹³ In the Colorado River basin, which is experiencing record drought, urban and rural communities, irrigated farming operations and electric utilities which depend on hydropower generated at federal dams and reservoirs could see massive cost increases due to lost hydropower. For the first time in its history, the Glen Canyon Dam, a massive federal dam located in northern Arizona that generates power for five million people in seven western states, will not be able to generate hydroelectricity if its reservoir water level lowers 30 feet or more in elevation. This has alarmed electric utilities, such as the Navajo Tribal Utility Authority, which plans to spend over \$4.5 million in alternative energy supply costs this year that will have to be absorbed by its ratepayers.¹⁴

Regulations Exacerbating Natural Drought

In addition to the ongoing drought conditions, the daunting number of federal regulatory policy initiatives compound the challenges confronting Western family farmers and ranchers and our domestic food network. These range from federal water resource policies and regulatory practices to domestic energy development and implementation of environmental laws. Many of these regulations undermine the economic foundations of rural communities in the arid West by making farming and ranching increasingly more difficult.

The federal presence in the West presents unique challenges that farmers and ranchers may not face in other parts of the United States, particularly with respect to the reach of the Endangered Species Act (ESA, 16 U.S.C. 1531 et seq.). Many Western farmers rely on Reclamation projects

⁹ U.S. Dept. of the Interior, Bureau of Reclamation, *Extreme Drought Conditions Force Closure of Klamath Project's "A" Canal*, (May 12, 2021), <https://www.usbr.gov/newsroom/#/news-release/3850>.

¹⁰ Klamath Water Users Association, *Worst Day in the History of the Klamath Project* (May 12, 2021), <https://kwua.org/klamath-water-users-association-worst-day-in-thehistory-of-the-klamath-project/>.

¹¹ Klamath Water Users Association. *Impacts of 2021 Klamath Project Water Curtailment*. https://republicans-naturalresources.house.gov/uploadedfiles/footnote_33.pdf.

¹² Alex Baumhardt, *Bureau of Reclamation Gives Klamath Basin One of its Lowest Water Allotments*, Oregon Capital Chronicle (April 12, 2022), <https://oregoncapitalchronicle.com/briefs/bureau-of-reclamation-gives-klamath-basin-one-of-its-lowest-water-allotments/>.

¹³ *Megadrought Threatens California Power Blackouts This Summer*, Bloomberg (April 28, 2022), <https://www.bloomberg.com/news/articles/2022-04-28/megadrought-on-the-u-s-west-coast-threatens-blackouts>.

¹⁴ Sam Metz and Felicia Fonseca, *Lake Powell Hits Historic Low, Raising Hydropower Concerns*, AP News, (March 16, 2022), <https://apnews.com/article/lake-powell-drought-hydropower-colorado-river-619790b577eabc81cfa2d9b9b6ca2fe1>.

for irrigation water. Over the decades the operations of these projects have been significantly impacted by the ESA through the use of biological opinions (BiOps).

For example, the Klamath Project is impacted by two BiOps from separate agencies, the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) to address their respective ESA-listed species. To address the FWS BiOp, Reclamation is required to maintain the surface elevation of Upper Klamath Lake at least at 4,142 feet above sea level in April and May (during sucker spawning) and not lower than 4,138 feet at all times.¹⁵ The minimum elevation of 4,138 feet means permanently maintaining a minimum of 60,000 acre-feet or ten percent of the *active* capacity stored in Upper Klamath Lake. At the same time, under the NMFS BiOp, Reclamation must release significant volumes of water from Upper Klamath Lake – including under dry conditions, all the water and more that physically flows into the lake – to produce designated flows in the Klamath River forty miles downstream of the project.¹⁶ During drought conditions, such as those currently being experienced, meeting the requirements of these two BiOps means farmers, ranchers and even communities will not receive water.

In addition, the Biden administration is pursuing a reversal of the Trump administration’s actions on Central Valley Water Project operations. Late last year, Reclamation informed FWS and NMFS that it would begin the process of re-writing these plans through what is called a “re-initiation of consultation” on the Trump-era BiOps governing the Central Valley Project.¹⁷ California Farm Bureau Senior Counsel Chris Scheuring was among several stakeholders who reacted:

Here we are in another cycle of consultation under the ESA, and delta operations continue to be unreliable for reasons related to species conservation statutes that apply. There must be a better way. This process of constant re-consultation is not helping the fish and leaves a huge cloud of uncertainty over the humans that rely upon the great state and federal water projects for their lives.¹⁸

A subsequent letter from the California House Republican delegation called the Biden administration’s rewrite of the 2019 biological opinions “reckless, anti-scientific and politically motivated.”¹⁹

This cycle of drought, regulatory issues such as above and the cumulative impact on food availability prompted the Family Farm Alliance and the California Farm Water Coalition to publish the full-page paid advertisement below in the April 2, 2022, edition of the *Wall Street Journal*. Representatives from both organizations will testify at this Forum.

¹⁵ U.S. Dept. of the Interior, Bureau of Reclamation, *The Effects of the Proposed Action to Operate the Klamath Project from April 1, 2020 through March 31, 2024 on Federally Listed Threatened and Endangered Species* (Feb. 2020), <https://www.usbr.gov/mp/kbao/docs/klamath-2020-ba.pdf>.

¹⁶ *Id.*

¹⁷ *Notice of Intent to Prepare an Environmental Impact Statement and Hold Public Scoping Meetings on the 2021 Endangered Species Act Reinitiation of Section 7 Consultation on the Long-Term Operation of the Central Valley Project and State Water Project*, Reclamation Bureau, 87 Fed. Reg. 11093 (Feb. 28, 2022), <https://www.federalregister.gov/documents/2022/02/28/2022-04160/notice-of-intent-to-prepare-an-environmental-impact-statement-and-hold-public-scoping-meetings-on>.

¹⁸ *Biden Pursues Reversal of Rules for California Water Projects*, Fruit Growers News, (Oct. 13, 2021), <https://fruitgrowersnews.com/news/biden-pursues-reversal-of-rules-for-california-water-projects/>.

¹⁹ *Id.*



**TODAY'S WORLD
IS FULL OF
UNCERTAINTIES**

**YOUR FOOD
SUPPLY
SHOULDN'T BE
ONE OF THEM**

A safe, sustainable food supply is a fundamental expectation in the United States.

Over 80% of our country's fruits, nuts and vegetables are grown west of the Rockies. Today's policies governing the use of water are out of balance, putting our food supply at risk.

We can fix this NOW by utilizing existing water infrastructure and restoring balance to government water policy.

When grocery shelves are empty, it will be too late.



Figure 2: April 2022 advertisement published by the Family Farm Alliance and the California Farm Water Coalition. (The Wall Street Journal)

The lack of management on federal lands has also impacted water supplies. During last year's drought forum, The Hon. Travis Day, a County Commissioner in Sierra County, New Mexico, stated the following:

As land managers and policy makers, we need to take an in depth look at the management of our watersheds. The drought, coupled with a history of mismanagement of our forests, have resulted in catastrophic wildfires, loss of premier wildlife habitat, and no water recharge of our aquifers.²⁰

Witnesses will discuss this continued issue at the upcoming forum, as well.

Supply Chain Problems and Increased Farming Costs

Drought is not the only factor impacting food availability and pricing. The ongoing supply chain crisis has left many of the region's farmers with higher input prices and an inability to export some products overseas. For example, farmers already reeling from narrow profit margins due to drought are now hit with cost increases from pesticides, fertilizer, and other necessary materials to keep a farm operational. Late last year, an article in the *Ouray County Plaindealer* in Colorado showcased the plights of one agribusinessman, Mr. Dallas Vaughn with Flagler Aerial Spraying:

The cost of fertilizer for Vaughn is now \$28 a gallon, up from \$11. The cost to transport a load of the herbicide paraquat to Colorado from a coastal port was \$8,000, up from the \$4,000 he expected. It took six weeks to find truckers to take the herbicide, which is a hazardous material, when it "should have taken three days," Vaughn said. In July, he received a batch of glyphosate that he'd ordered in January.

"That's how far behind the supply chain is on product," he said.

²⁰ Testimony of The Hon. Travis Day of Sierra County, New Mexico (May 19, 2021). https://republicans-naturalresources.house.gov/uploadedfiles/day_testimony_2021-05-19_wow_western_drought_forum.pdf

To contend with its increased costs, the company has raised its prices and Vaughn said they went to their bank to ask if they could raise a working capital line “because we’re literally paying double for all of our inventory.”

His average wheat customer who would have spent \$16 to \$18 an acre on fertilizer last fall is now spending \$29 an acre this year — a roughly \$20,000 increase for a 2,000-acre operation.”²¹

To make matters worse, some farmers are unable to export their products due to transportation issues, such as shipping container shortages. In northern California, walnut producers are struggling to find enough shipping containers or warehouses to store their walnuts, in addition to a worker shortage. Even if nut crops get to western ports for export, foreign shippers are prioritizing items that are being imported into the U.S. from Asia.²²

The ongoing war in Ukraine is also leading to continued increased fertilizer prices as Russia is a major exporter of the three nutrients that compose fertilizer: nitrogen, phosphate, and potassium.²³ This combined with the loss of wheat production from Ukraine has led some experts to believe that there will be a global agriculture collapse near the end of the year.²⁴

All these factors have led to significant increases in food prices and food scarcity worldwide. The Biden administration has not only failed to curb rising food prices but has also contributed to this problem through a host of regulatory burdens, lack of long-term planning to increase water supplies and inaction on supply chain problems. Members and witnesses will discuss solutions, such as water storage and regulatory streamlining, to overcome drought.

²¹ *Farmers Hit with Price Hikes, Supply Shortages*, Shannon Najmabadi, (Sept. 15, 2021), <https://www.ouraynews.com/news/farmers-hit-price-hikes-supply-shortages>

²² Marketplace, *California Farmers Say Their Crops are Caught in the Supply Chain*, Carolina Champlin, (Nov. 4, 2021), <https://www.marketplace.org/2021/11/04/california-farmers-say-their-crops-are-caught-supply-chain/>

²³ *Stassy Olmos, Experts predict rise in food prices with fertilizer costs up 128%*, WFTS Tampa Bay, (April 26, 2022), <https://www.abcactionnews.com/news/in-depth/experts-predict-rise-in-food-prices-with-fertilizer-costs-up-128>.

²⁴ Peter Zeihan, *Global Agriculture Collapse*, (March 25, 2022), <https://www.youtube.com/watch?v=ZMcCTFjHMQA>.