

Testimony of Robert Stockton

House Natural Resources Subcommittee on Water and Power October 18, 2011

Mr. Chairman, Members of the Subcommittee, my name is Robert Stockton. I am Vice President and Principal-in-Charge of Rick Engineering in Riverside, California. Thank you for inviting me to testify today regarding the economic impacts of the critical habitat designation for the Santa Ana Sucker (SAS). I come to you today not only as a local businessman, but also as the Chair of the Greater Riverside Chamber of Commerce's Economic Development Council, and also past Chair of the City of Riverside's Board of Public Utilities, which is the water purveyor for the City.

In short, because it would likely stall or even kill regional infrastructure projects, the SAS critical habitat designation severely threatens to send an already struggling regional economy into a prolonged and deep recession.

This is not unprecedented. Water cutbacks demanded by Endangered Species Act protections for the Delta smelt weigh heavily on the Central Valley. Unemployment in parts of that region surpassed 40 percent and the foreclosure rates in some parts of the Valley have created virtual ghost towns.

No one wants to see what's happened in the Central Valley be replicated anywhere in our country.

The Inland Empire, one of the fastest growing regions in the country during the last decade and therefore somewhat dependent on the home building industry, has already been hit hard by the recent economic downturn. The latest unemployment numbers we have for the Inland Empire are from August 2011. Riverside County has 14.7 percent unemployment while San Bernardino County fares slightly better at 13.6 percent.

But even with the collapse of the homebuilding industry and related businesses, the region continues to grow. The California Department of Transportation estimates an annual growth rate of 2.6 percent over the next five years and most analysts assume the region will grow from about 3 million today to almost 4.5 million people in 2035.

It is crucial to note that about 70% of this growth will be organic. This is not a case where building roads and homes causes population growth. As John Husing has noted, "unless someone develops a policy for stopping people from having children, inland agencies have no choice but to prepare for this growth since it is the only area with undeveloped land."

Infrastructure agencies throughout the region have sounded the alarm bells that the SAS critical habitat designation could force them to forgo crucial projects, including bridge and road construction, development, flood control structures, and water projects.

If these projects fail to move forward, the region takes at least a double shot of pain. First, we would lose the jobs that would be created by the projects. The best estimates are that our already-weakened economy would lose about \$320 million worth of water and transportation infrastructure projects.

Second, if we cannot build these projects, our roads will be jammed, there will not be enough homes for the growing population, and perhaps most importantly, we will lack a reliable water system.

SB610 is a state law that requires water service providers to prepare “water supply assessments” for most development projects. These assessments must evaluate whether water supplies are sufficient to meet the proposed project’s water demands over a 20 year period. If the water agencies cannot certify sufficient demand, the project cannot move forward.

A reliable water system is the backbone of a healthy economy. If projects cannot get an approved water supply assessment, we will not be able to expand or even retain our current businesses, much less attract new businesses to the region. History will repeat itself as the Inland Empire starts to look more and more like today’s Central Valley.

There is at least one more important issue here.

The Implementing Agreement for the Western Riverside County Multi-Species Habitat Conservation Plan (MSHCP) clearly states that lands within the boundaries within the MSHCP should not be designated as critical habitat unless the Fish and Wildlife Service finds that the MSHCP is not being implemented. DOI signed that Implementing Agreement. Nonetheless, the US Fish and Wildlife Service overlaid critical habitat for the SAS on MSHCP lands. Fish and Wildlife has done the same with a number of other species as well, though they have never claimed the MSHCP is not being implemented.

In fact, they can't claim this because it's simply not true. The MSHCP has a 25-year implementation period and we are only about six years into that period. Even in that short time, the Regional Conservation Authority alone has spent \$257 million to preserve almost 27,000 acres for the Plan. Overall, nearly \$400 million has been spent to preserve about 43,000 acres of land.

From a practical perspective, this issue has been addressed through an updated Biological Opinion for the MSHCP that makes it clear that the SAS critical habitat designation has no impact on covered activities within the MSHCP.

But the principle here remains an issue. And the principle is important because it’s critical to maintain public support for the plan. If the public believes that the Fish and Wildlife is pulling the rug out from under their feet, the plan could be irreparably harmed, and subject to invalidation. The plan's demise would increase project costs and delay placement of crucial infrastructure, and further compromise our fragile economy.

I am deeply concerned that Fish and Wildlife chose to ignore the potential for dire economic consequences of their decision to expand the critical habitat designation for the SAS. It is clear to me that the SAS critical habitat designation can cripple our already-struggling regional economy.

Thank you for your time. I stand ready to answer any questions you may have.