



California Drought Update

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Impacts of the Recent Drought

- Agriculture Industry
- Non-Agriculture Industry
- Future Outlook

Agriculture Industry: Value to State Economy

- **California Agriculture (Ag)**

- 2.1 percent of state GDP (\$46B)
- 17.3 percent share of U.S. Ag GDP
- 21.2 billion in exports, 15% increase(2013-2014)

- **Top Commodities**

- Almonds (\$5.8 B), Grapes (5.6), Strawberries (2.2), Walnuts (1.8)
- California produces 400 agriculture commodities

- **Value of Ag Production by County**

- Fresno (\$6.8 B), Tulare (5.6), Kern (5.3), Monterey (3.9)

Agriculture Industry: Farm Workforce and Challenges

● Farm Workforce

- Majority of Workers: Farmworkers & Laborers, Graders & Sorters, Ag Equipment Operators
- Statewide: steady employment levels throughout the recent drought

● Production Cost Challenges

- Water Costs Per Acre Foot (326,000 gallons) increasing
- Westland Water District reports \$1,100 per acre foot in 2014 versus \$140 in 2013
- Increases in labor, packaging, and marketing are a concern as well

Agriculture Industry: Crop Trends

- **Crop Trends**

- During the 2014/2015 AG season, some citrus fruits have forecasted increases
- Cotton and some grape types have forecasted declines
- Move to high value crops (e.g., almonds, strawberries) by farmers. Bearing acreage for almonds has increased from 700,000 in 2008 to 900,000 in 2015.

- **Consumers**

- Generally, insulated from skyrocketing prices in grocery bills due to supplies out of state.
- Largest increases in livestock, rather than fruits and nuts. Beef prices in general are up between 50 cents and 1 dollar per pound since last year.
- Strawberries, blackberries, red leaf lettuce, and cantaloupes experienced declines in price ranging from 2 percent to 8 percent since last year.

Non-Agriculture Industry: Tourism (Ski Facilities)

- Statewide snowpack was 25 percent lower than historical average in 2015 according to the CA Water Resources Board.
- Some ski resorts reporting 28 percent drop in skier visits.
- Indirect effect: hotels, restaurants, and regional amusements
- Most ski resorts in California are the economic hubs of the community and have been in business for over 40 years.

Future Outlook

○ Increase in Desalination Plant Construction

- If 20 desalination plants get built, it would supply 300 million gallons of water per day in California.
- California has 3 operating desalination plants. Monterey facility (Sand City) has the ability to produce 99 million gallons per year.
- Challenges to construction: proximity of energy sources to run the plants; water/land rights legislation; cost of construction.

○ Potential for “Farm Labor Drought”

- Only 5 percent of those hired for farm labor in CA are born in the U.S.
- The farm labor supply from rural Mexico is decreasing by over 150,000 people per year (*Source: The End of Farm Labor Abundance by J. Edward Taylor and Diane Charlton (U.C. Davis)*)
- Rises in education levels of Mexican workers, tougher border restrictions, and family choices (parents don't want their kids in farm work) have been associated with the decline.