



# California Drought: Scenarios for 2014 and 2015

**By Rachael Dettmann Spiegel**

Senior Economist,  
Knowledge Exchange

## Inside this Issue...

Introduction .....	2
Drought Background.....	2
Surface Water Distribution.....	2
Groundwater Situation.....	5
Drought's Impacts on Agricultural Sectors.....	5
Summary.....	6

## Key Points:

- **California is currently entering its third consecutive year of drought. The situation will now likely spur dramatic water restrictions to most areas of California, except the Imperial Valley (which is expected to garner adequate water distribution from the Colorado River).**
- **With little rainfall over the past 13 months, California's reservoirs are averaging 20 percent below historical averages, wells have been over-drafted, and the snowpack in the Sierras as of late February was 21 percent of normal, leaving diminishing hope that surface water supplies will be adequately recharged for the 2014 growing season.**
- **Due to low reservoir and snowpack levels, the State Water Project (SWP) and the federal Central Valley Project (CVP) announced that there will be zero water allocations from the SWP and most CVP water sources in 2014. Typically, however, growers who utilize surface water from SWP and CVP will supplement their supplies with groundwater, or by purchasing additional surface water rights.**
- **Groundwater supplies are becoming constrained in both quantity and quality. The cost of drilling a well can exceed \$250,000, and waiting lists for well drillers are reported to be 18-24 months in some areas.**
- **If 2014 water allocations are not raised from their current low levels, there will be significant, yet varied impacts throughout the agricultural sectors. The cattle and dairy sectors will likely be the ones affected most severely in 2014.**
- **Roughly 500,000 acres are expected to be fallowed (unplanted) in 2014. According to industry estimates, fallow acreage will cut 117,000 agricultural jobs in California and result in \$2.2 billion of lost production and indirect effects on the Central Valley.**
- **The drought will challenge all agricultural sectors in California, but many producers should be able to adjust plantings and feed rations to make it through the 2014 growing season without severe financial impairment to their operations.**
- **If the drought continues into 2015, however, growers' financial stress will increase quickly as profitability, liquidity, and access to capital could be constrained as a result of even higher water costs and more fallowed land yielding fewer crops.**