



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

September 21, 2007



Ms. Mary Nichols, Chair
and Members of the Board
Air Resources Board
1001 "I" Street
Sacramento, CA 95812

RE: 9/27 Public Meeting Agenda Item 07-9-5 -- Proposed "SIP Substitution" for
Ventura County

Dear Ms. Nichols and Board Members:

The California Department of Food and Agriculture (CDFA) supports the ARB/DPR proposal, outlined in Appendix H to the Revised Statewide Draft Air Quality Plan, to temporarily substitute 1.3 tons per day of mobile source VOC emissions for an equivalent amount of pesticide emissions under the Ventura County 1994 Ozone SIP. This "SIP substitution" will give growers additional time needed to make the transition to the more stringent rules that DPR will soon implement under the 2006 federal district court order. The additional four years of transition time will, we hope, partially mitigate some of the unavoidable agronomic impacts associated with DPR's new rules.

Overview

The potential impacts of DPR's VOC fumigant regulation – which are being estimated under a CDFA research contract with the UC Davis agricultural economics department – are summarized below. We respectfully request that ARB weigh these estimated economic effects against the following considerations:

1. Ventura growers already are using the lowest-emission fumigation methods available.
2. Ventura County presently is in compliance with the one-hour ozone standard.
3. The Appendix H environmental analysis states that the revised proposal phases out the substitution rapidly over four years and so is structured to



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ensure that the substitution will not interfere with Ventura's ability to attain the 8-hour ozone standard by the expected 2013 deadline.

4. The Appendix H environmental analysis expects the SIP substitution only to slightly slow down the ongoing improvement in Ventura's air quality, and "will not have a significant adverse impact on the ozone layer."

UC Davis Study

The UCD economic analysis is a work in progress: a difficult, complex one. To bracket the potential agronomic effects, UCD is examining two polar scenarios of how growers might respond to the approximately 40% cut in available fumigant pounds that would occur under DPR's Ventura emissions cap. In the first scenario, growers reduce application rates on every fumigated acre to 60% of the current level. In the second scenario, growers apply current rates on 60% of the acres, leaving the balance unfumigated. Roughly fifteen to twenty separate runs are being performed under each scenario, in order to test the sensitivity of the model results Clerk of the Air Resources Board to various possible combinations of changes in costs and yields (substantial uncertainty stubbornly surrounds these crucial parameters).

The UC Davis draft report submitted in July for DPR's initial public comment period presented only preliminary results for the first scenario. UCD is in the process of refining those runs – the principal change being incorporation of processed strawberries to the model – as well as performing the full array of runs under the second scenario. In addition, they plan to examine secondary economic ripple effects. It is hoped that these more complete results will be available in time for the September 27th public hearing.

The preliminary "first scenario" results show that Ventura producers in aggregate would lose anywhere from \$11 million to \$79 million, with from 210 to 1,140 acres going out of production (citrus, strawberries, and truck crops). In addition to these producer losses, the model also calculates consumer losses, but these are measured over the entire statewide market for a given crop, and thus are difficult to accurately allocate to any particular county. Statewide consumer impacts vary from zero (in the extreme case of outside competition filling every new market niche) to \$301 million.

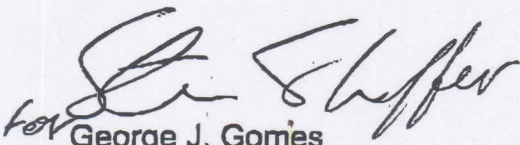
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It's especially important to note that these losses are uncompensated by other crops filling the resultant voids in Ventura (the computer model has the capacity to estimate cropping pattern shifts both between and within regions). In other words, all the model runs show net acreage losses. It's quite likely that the "second scenario" results will show larger losses. Also, the model is calibrated to a five-year average of 1999-2003 crop production; strawberry acreage has expanded considerably in the last few years (largely replacing citrus – especially lemons – which the DPR regulation also would negatively affect). In other words, strawberry acreage has increased significantly since 2003 therefore the model underestimates the adverse economic impacts.

Recommendation

In weighing the merits of this issue, CDFA wants to stress that over the short four-year life of the SIP substitution, the chances of additional air quality degradation are very small, with almost no variation in potential outcomes. The spectrum of potential economic damage, on the other hand, is very large, with considerable potential losses at the upper end of the range. If the SIP substitution is approved, as recommended by staff, air quality – in a county that now attains the present ozone standard – will be almost totally unaffected, while probable economic disruption to both producers and consumers will at least be postponed, if not avoided. The SIP substitution will give growers a breather, allowing them to learn how to farm under DPR's more stringent regulatory protocol in ways that are much less reliant on existing fumigants.

Sincerely,


for George J. Gomes
Undersecretary

ORIGINAL: Board Clerk
Copies: Executive Officer
Chair

cc: Honorable Linda S. Adams, Cal/EPA Secretary
Ms. Mary-Ann Warmerdam, DPR Director