



Karl D. Kennedy
*President and
Chief Executive Officer*

October 22, 2014

Arkansas Natural Resources Commission
101 East Capitol
Suite 350
Little Rock, AR 72201

Re: Arkansas State Water Plan Draft Executive Summary

Dear ANRC Commissioners and ANRC Executive Director,

Riceland Foods is a family farmer-owned cooperative formed in 1921 and headquartered in Stuttgart, Arkansas. Today, it markets rice, soybeans and wheat grown by 5,500 family farmer-members in Arkansas and the Missouri Bootheel.

Riceland is the nation's largest miller and marketer of rice and one of the nation's top ten grain storage companies. Each year its 1,500 employees store, transport, process and market more than one-hundred million bushels of grain as raw grains and products, including rice, food oils, soybean meal and rice flour.

Arkansas is the nation's leading rice producing state, growing more than half of all U.S. rice, and rice is the State's number one export commodity. The Arkansas rice industry annually contributes more than six billion dollars to the State's economy and employs 25,000 Arkansans.

Arkansas farmers, and especially Arkansas rice farmers, recognize the importance of wise use of our State's water resources. Following are comments and suggestions that reflect Riceland's views and concerns related to the Draft Executive Summary and related documents. Please take into consideration these comments as you finalize the policies and proposals of the final AWP update.

General Comments:

The final version of the 2014 AWP should not advocate, imply or suggest any laws, policies or regulations that diminish private property rights, restrict water use on private property, or allow for condemnation of private water infrastructure.

Instead of creating regulations, Riceland supports increasing policies that encourage and incentivize farmers to implement conservation practices. Farmers are good

stewards of their land, but the costs associated with implementing certain conservation practices are too burdensome for farmers to adopt without incentives. The AWP update should expand policies that increase funding opportunities for conservation practices.

Increased surface water infrastructure along with an increased supply of excess surface water would make a large and positive impact with respect to water supply for agricultural irrigation in Arkansas. The AWP update should include policies that support increased funding for water infrastructure projects on private properties and larger projects such as the Grand Prairie Area Demonstration Project and the Bayou Meto Water Management Project. Encouraging the legislature to expand funding opportunities for these types of projects should be a priority in the AWP update.

Data used throughout the planning process and the AWP update do not appear to be absolute. Therefore, Riceland encourages the inclusion of a disclaimer in the AWP that states maps, charts, tables, and all planning data were used only for forecasting and planning purposes and are insufficient for legal and business purposes.

Finally, the Executive Summary identifies agriculture as being responsible for eighty percent of Arkansas's water usage. Riceland recommends including representatives from the University of Arkansas, Division of Agriculture and the Arkansas Department of Agriculture as part of more work groups and consulting agencies in the final AWP update.

Specific Comments and Suggestions:

- Executive Summary, Page 9, Section 3.1, *Conjunctive Water Management and Groundwater Decline Priority Issue. Recommendation 1, "ANRC will seek authority to purchase, install, and read meters on selected alluvial wells including the authority to lease or condemn sites for meter installation."*

Comment: To our knowledge, this language was not presented in public meetings to allow stakeholders an opportunity to voice their opinions. Riceland strongly opposes this language and recommends a voluntary program, funded by the ANRC, for producers who wish to allow ANRC to install meters and to read them on their farms.

- Executive Summary, Page 12, Section 3.3, *Excess Water for Nonriparian Withdrawal and Use Priority. Issue: The statutory definition of excess water should be based on sound science.*

Comment: Riceland agrees with the Executive Summary's recognition that the 25 percent limitation for estimating excess water available for nonriparian transfer should be removed. We support the 1990 AWP's suggested increase to 75 percent of excess water. Without a definite increase recommendation concerning the definition of excess surface water, Riceland believes current environmental and conservation projects may be put on hold due to an

increased level of uncertainty. Riceland agrees that scientific studies and planning should begin with the East Arkansas Region, and legislative approval should be sought to change the definition of excess surface water. Riceland also agrees that the "Arkansas Method" should continue to be used in estimating the portion of total available water needed to satisfy fish and wildlife flows needed in estimating excess water for nonriparian withdrawals and transfers.

- Executive Summary, Page 15, Section 3.5, *Improving Water Quality through Nonpoint Source Management Priority Issue. Recommendation 2, "ANRC will collaborate with ADEQ and AGFC..."*

Comment: Riceland recommends including the University of Arkansas, Division of Agriculture and the Arkansas Department of Agriculture as collaborating members in the Clean Water Act water quality review processes and the water quality criteria review, etc.

- Executive Summary, Page 21, Section 3.9, *Tax Incentives and Credits for Integrated Irrigation Water Conservation Priority Issue. Implementation Plan 2, "This ranking system should also consider perpetual easements for eliminating land from agricultural production and irrigation."*

Comment: Riceland views agricultural production and irrigation conservation differently than agricultural production and irrigation elimination. Riceland strongly opposes including this language in the final version of the AWP update. The AWP's vision is to support local and State economies by applying appropriate policies and best management practices with limited regulation and preservation of private property rights. Inducing landowners through a ranking system that considers perpetual easements is not a conservation practice that values the importance of agricultural production in our local and State economies; it is a practice that encourages landowners to forfeit their private property rights. If one only considers how many local and regional jobs are supported by the production of agricultural commodities in Arkansas, one can see that perpetual easements that remove land from production agriculture are not a viable conservation practice.

- Water Plan Forecast Report, Page 24, 11.0 Crop Irrigation, 11.1 Base Period Water Use.

Comment: The Base Year for rice is 2010 when Arkansas rice acreage was at its all time high, 1.785 million acres. The very next year, Arkansas rice acres were 1.154 million acres. Riceland urges the Commissioners to review the Rice Research and Extension Center, University of Arkansas, Division of Agriculture's study that reviews the Water Demand Forecast Report. Riceland requests that the Commissioners review the conclusions and recommendations found by the Division of Agriculture's study: *An Evaluation of the Water Demand Forecast Report for the Arkansas Water Plan.*

- Water Plan Forecast Report, Page 26, 11.2 Future Water Use. Table 11.3 Projected Irrigated Acres by Crop.

Comment: Riceland does not agree with the projected irrigated acres by crop, especially rice. Arkansas on average grows approximately 1.3 million acres of rice. Rice acres may increase or decrease, depending on supply/demand and commodity prices, but the rice market finds equilibrium when Arkansas rice is planted on about 1.3 million acres. The Water Plan Forecast Report seems to use the 2010 Base Year, 1.785 million acres, as a floor for Arkansas rice acreage. As mentioned above, 2010 was the record for rice acres in Arkansas. Table 11.3 does not, in our opinion, represent reality for projected future irrigated acres, considering Arkansas's average planted acreage compared to the projected average of 1.785 – 1.927 million acres of irrigated rice for the years 2010-2050.

Riceland appreciates the opportunity to comment on the Draft Executive Summary. Should you need additional information, please feel free to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "K. D. Kennedy", with a large, stylized flourish at the end.

Karl D. Kennedy
President and
Chief Executive Officer