

Ag banker predicting fallout from drought

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Many of the agricultural businesses around Sacramento -- everything from grazing livestock in the foothills to rice farmers in Yolo County -- are in for a tough summer as a result of the state's drought, said a senior vice president with a bank that does a lot of ag lending.

[Chuck Rigsbee](#), who manages the Sacramento-Fresno region for [California Bank & Trust](#), said lenders such as his institution often bring up water supplies when looking at a potential ag loan.

"Banks always want to confirm what the water sources are," he said. "Because of the drought and lack of storage, now that question is at the top of the list."

In many cases, growers of crops such as tomatoes or orchard fruits and nuts have already adapted to the dry winter with more efficient drip systems meant to conserve water. But it's tougher for a rice grower, he said, who depends on a large amount of water to grow a crop.

A similarly vexing scenario awaits cattle ranchers, who not only can't graze their stock on relatively sparse grass, but are seeing prices for alfalfa, another water-intensive crop, soar.

Rigsbee said those in agriculture already are dealing with the situation, citing ranchers selling their herd or moving it to the Midwest as an example. But industrial operations that also use a lot of water may be the next to feel the effects of a dry year, he added.

"Those kinds of things are where water is going to become expensive," he said.



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