

March 21, 2014

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MARCH 21, 2014

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## Banks: Water at top of list in making loans

**Chuck Harvey** — STAFF WRITER

California's \$45 billion agriculture industry — supplier of half the nation's fruits and vegetables — faces significant burdens because of the drought.

Farmers are clearing orchards, rationing water and rethinking their long-term business strategy. Making matters worse, growers on both the east and west sides of the Valley expect a zero water allocation for this year, according to initial estimates from the U.S. Bureau of Reclamation and California Department of Water Resources.

Planning farm plantings and water schedules can be difficult or impossible, depending on the crop and where the farm is located. Farmers without well water will likely fallow most row crops, but they must do what they can to keep tree crops alive.

New plantings of nut crops, spurred by high export demand, continues in areas with good groundwater and at least a hope for some imported water deliveries. Banks continue to provide loans, but only to farmers who can show they have a dependable water supply for their crops.

Chuck Riggsbee, senior vice president of California Bank & Trust in Fresno, said his bank has a number of loan packages for farmers who have good wells or surface water adequate to grow their fruits, vegetables and nuts.

Business-term loans range from \$10,000 to \$500,000 for a term of seven years. Lines of credit are for the same amounts for a period of three years. The bank also provides leases for commercial equipment.

It has 25-year terms for purchase of owner-occupied real estate.

Loans are available for items like young trees, seeds,

equipment and wells.

California Bank & Trust has 100 offices in California. It is a subsidiary of Zions Bancorporation, one of the nation's top 50 bank holding companies with assets of more than \$50 billion.

The bank entered the local market with the acquisition of Fresno-based Regency Bank in 1999.

Traditionally, a farmer sat down with a banker and talked about a loan based on the success of a farm, cash flow and credit.

Although those subjects remain important, now the first issue that's talked about is water. Banks want to know where the ditches are for groundwater and if a farmer depends on wells. The bank also needs to know if pipes carry well water to the entire farm.

Riggsbee said conditions are especially tough on the Westside where well levels are low and water allocation is at zero percent. He said farmers have done a good job in conserving water, including use of drip irrigation for permanent crops.

Riggsbee said financing is available for well construction or to dig wells deeper. But farmers must make sure the wells will serve their water needs.

Bob Dingler, executive vice president and director of food and agribusiness for Rabobank in Fresno, said water has always played a big part when Rabobank considers making a farm loan. The difference this year is the farmer has a harder time determining where the water is going to come from, he said.

With groundwater allotments now at zero percent, it is hard to say what the long-term water supply will be, Dingler said.

Also, many farmers are shifting from row crops to nut orchards.

"Water deliveries are up in



File Photo

Farm lenders report that water is the most pressing concern when it comes to providing capital. The drought is pushing farmers to make tough decisions.

the air," Dingler said.

Fresno and Huron farmer Stuart Patrick Woolf said high-value crops are on well water.

Dingler said that in a more typical year, farmers have multiple sources.

Farmers have now become more dependent on wells and drip systems, but requests for loans to drill wells are no higher than usual, Dingler said. The bulk of loans are for planting new nut crops, he said.

They are especially interested in pistachios, which require less water than other nut trees, Dingler said.

Loans to finance nut orchards are typically for a term of one year. Loans for purchase of property are more in the 25-year range.

Riggsbee agreed that some farmers would plant or expand pistachio crops this year.

But farmers shifting to pistachio trees have to be patient. It takes about seven years for pistachios to produce a crop.

Still, farmers will need new trees and some will seek financing.

Riggsbee said California Bank & Trust is ready to help. "We are a full-service

bank," he said.

Besides providing loans for equipment, the bank is supportive of water conservation projects, including use of sensors to determine water evapotranspiration on plants and the use of drip irrigation. Conservation can reduce costs of farming in the long haul and help boost profits.

That's encouraging to the farmer and the bank providing a loan.

Riggsbee said he expects Valley farmers to adjust to long-term water shortages by planting fewer water-thirsty crops. "They will have to evaluate the crops that can sustain the drought years," he said. "They must find crops that can survive in long periods of drought."

That will likely mean more plantings of olive and pistachio trees, the addition of onions, melons and sugar beets, and a jump in grain crops. Conditions will also call for cuts in cotton, tomatoes and north Valley rice crops.

Riggsbee said farmers will do what makes the most sense, including installation of drip irrigation systems for fruit trees.

Whatever the case, he said

it's time for the state to place a higher value on agriculture and to make sure farmers are given their fair share of water. He said that as water for fish and wildlife has increased, the farm industry has seen its share of water steadily decline.

"We have to put some common sense back into the deal, Riggsbee said.

Riggsbee said the Valley has felt a ripple affect from limited water supplies for farming. Processing plants and numerous workers are affected, he said.

Riggsbee said the issue comes down to priorities. California water facilities serve domestic, environmental and agricultural users.

He said it is time for the government to focus more on agricultural needs, which he said has been neglected. "We need to demand immediate action," Riggsbee said.

Although some farmers want to expand their operations, many will cut way back this year. "We need to help ag any way we can," Riggsbee said.

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