



Dairy CARES Report

March 2009

www.dairycares.com

Relief requested for Central Valley dairies, but understanding limits is critical

California dairy producers large and small are struggling through unprecedented economic challenges. Milk prices have dropped by more than a third over the past two months, even as production costs remain at record-high levels. Dairy families are losing tens of thousands of dollars per month, or more, and struggling to survive. Many have been forced to sell off part of their herds to stay solvent.

Meanwhile, California water quality officials continue to phase in the nation's most stringent water quality protection regulations for dairies. By July 1, dairy producers across the Central Valley are required to submit annual environmental monitoring reports, engineered waste management plans, nutrient management plans and other critical information. This requires time and outside professional expertise that most dairies are hard-pressed to afford.

For this reason, the Central Valley Regional Water Quality Control Board will consider at its April meeting modifying the schedule for some of the most expensive requirements of the new regulations. Specifically, the Board will consider whether to allow dairy operators until July 2010 to submit the Waste Management Plan (WMP), a portion of the requirements that requires the assistance of outside professionals (usually civil engineers) to complete. The cost of the plan can range from \$10,000 to \$30,000 and up, a cost that dairy operators are hard-pressed to pay when they are losing money on a daily basis.

CARES coalition members strongly support the Regional Board's proposal to amend the WMP schedule. It would provide critical temporary economic relief for dairy producers and a flexibility to defer costs forward until milk prices can recover. Without relief, many producers face financial insolvency.

In no way does the change in schedule impact overall efforts to improve water quality protection. Water officials report immense progress as dairy producers have complied with the progressive stages of the water quality regulations adopted more than two years ago. Final deadlines for various required improvements remain in place, but the proposed schedule modification creates some important flexibility as to when some reports and plans will be due.

Here are some very important facts for dairy producers to be aware of, and to remember, regarding the Regional Board proposal:

- **The proposal is not yet approved.** The Regional Board will consider the action at a meeting in late April. Producers should closely watch their trusted sources of information, such as trade association or processor newsletters, for more information and updates on the final decision.
- **If granted, only the WMP schedule would be modified.** All other requirements, including the Nutrient Management Plan, annual reports, etc., would remain on the current schedule. Failure to submit these reports in a timely manner could result in fines and other enforcement actions.
- **This is a change in schedule, not a removal of the requirement for a WMP.** While the proposed order would grant additional time for submittal of the engineering report, the report will still be due. *Producers who are able to continue on the current schedule are well advised to do so.*

CARES coalition members recognize that while this proposed amendment in the Regional Board regulatory schedule may provide important relief at a critical time, it is at best temporary and not enough by itself to resolve the serious economic crisis producers currently face. It is our hope that this will allow producers who need it time and flexibility to continue to operate while the industry takes measures to improve the overall economic situation.

CARES members will continue to monitor the situation closely. Dairy families have already shown their commitment to comply with the regulations and protect water quality, even as they continue to provide nutritious, high-quality dairy products for people across California and the nation. Now is the time for all Californians to stand with their dairy family neighbors as we work together to preserve this vital part of our state's economy.

CARES is a statewide coalition supporting economic and environmental sustainability for California's dairy industry. CARES members include the Alliance of Western Milk Producers, Bank of the West, Bar 20 Dairy Farms, California Dairies Inc., California Dairy Campaign, California Farm Bureau Federation, Dairy Farmers of America-California, Dairy Institute of California, Hilmar Cheese Co., HP Hood, Joseph Gallo Farms, Land O' Lakes, Milk Producers Council, Turlock Dairy & Refrigeration, Western United Dairymen, and others. For information about CARES, visit our web site at www.dairycares.com, write dairycares@aol.com or call 916-441-3318.