



1315 K STREET
MODESTO, CALIFORNIA 95354-0917
TELEPHONE (209) 527-6453
FAX (209) 527-0630
www.westernuniteddairymen.com

September 4, 2015

John Russell, Deputy Director
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100



via e-mail: John.Russell@waterboards.ca.gov

RE: State Water Resources Control Board, New Fee Increase Notice CAF Fee §2200(c)
(Proposed)

Dear Mr. Russell:

Western United Dairymen (WUD) is the largest dairy producer trade association in California representing dairy families from throughout the State, including those on the north coast of California. WUD has a long history of advocating for our members on a number of issues.

Across the State, regulatory compliance and the addition of fees has increased tremendously in the last decade. This trend has resulted in the closure and consolidation of almost half the dairies in California. In 2005, California had 2,500 registered dairy farms in production. As of 2015, there are fewer than 1,400¹. Although economic losses associated with a volatile statewide system of milk pricing has contributed throughout time, dairy farmers and their children repeatedly report increasing operational closure due to unscheduled regulatory burdens being placed on their facilities. In the North Coast, or Water Quality Control Board Regions 1 & 2, 72 dairies have been lost in the last decade –representing an astonishing **67% decrease** in the regional district. These issues have prompted the Board of Directors of Western United Dairymen, in keeping with its policy of supporting our members, to oppose the addition of new fees for dairies covered under a waiver of waste discharge requirements. This increase was proposed in a staff presentation dated August 7th, 2015².

In Regions 1 & 2, the subject of the area of fee increase, there are 157 dairy operators, 150 of these are under a waiver of discharge requirements due to staff determined minimal risk to water quality. The waiver for Region 1 was adopted in January of 2012 –and is set to sunset in 2017. The dairy producers in the area set out to familiarize themselves with the requirements of the waiver, and formed a coalition to maintain uniform compliance with the waiver. This coalition has become the model for community success in maintain water quality statewide. California Dairy Quality Assurance Program (CDQAP) has hosted 6 compliance seminars and to date,

¹ California Department of Food and Agriculture, Agricultural Statistics, 2015

² State Water Resources Control Board, Water Quality Fees Stakeholder Meeting, August 7, 2015

100% of the dairy producers self-enrolled in the coalition, attended 3 hours of compliance training and paid into a group monitoring program to ensure their collective success. The producers have spent, on average, \$21,000 in infrastructure improvements PER farm, 8 hours per week complying with water quality, and 9.1 hours per year in education by the CDQAP.

Relevant to the background of this letter, most North Coast dairies have traditionally been operated in a manner that poses a lower risk to environmental water quality than many of their conventional counter-parts. They run herds at a lesser size, are often pasture based, and chose to monitor their water quality for many years ahead of the formal waiver of waste discharge requirement program. Cooperatively with their local Resource Conservation Districts (RCDs), the CDQAP, and the Natural Resource Conservation Service (NRCS), these dairies have successfully minimized their impact on local water sources.

It is with great pride that WUD states that these dairy producers have been and continue to do an exceptional job in complying with the waiver of discharge requirements, as little to no Regional or State Water Board Staff oversight has been required. Monitoring has resulted in few or no hits of any nutrients. It is also important to note that when issues have arisen, it has been handled on a producer-to-producer basis, as the incentive for the group to remain on a waiver system is strong.

The proposed new fees would affect small, pasture-based dairies on California's North Coast in a staggering manner. The dairy industry –especially on the north coast, is one of the few to purchase all their equipment and supplies (including cows) at a retail price –but then be subjected to selling their product at wholesale prices. These dairies operate under a unique business structure; located far from the “hub” of the industry they face increased costs of doing business and the inability to grow their operations. WUD has been part of a stakeholder process regarding dairy fees for several years. At the June 12th fee stakeholder meeting, staff did not make dairies under a waiver aware of the potential of fees, and the issue was not noticed for August 7th agenda until the release of the staff report just hours before. The late announcement of this fee proposal gives them little to no time to budget for the very large additional costs. The proposed fee schedule, as it stands, will severely impact many of these businesses, with the potential of causing some to close their operations.

Dairies that are under a waiver program pose a reduced risk to water quality when compared to those dairies that are required to operate under general waste discharge requirements. Dairies that qualify for the waiver should be recognized for the work they have done and continue to do to improve and maintain their facilities. That work happens both on and off the farm; dairies on the north coast have setup surface water monitoring coalitions and other streamlined reporting to make the job of the regional water board less burdensome and intensive; dairies are providing the board with everything they need to determine compliance. All of this work has been done and will continue to be done at the cost of the dairy producers.

The board of Western United Dairymen opposes additional fees on its members who have worked diligently to form collaborative partnership with the State of California. Due to the dairy pricing mechanism, dairy producers cannot pass on additional regulatory fees and must absorb them in their budgets. WUD looks forward to working with State Water Resources Control Board and staff to find a positive solution.

If you have any questions please contact Paul Sousa, Director of Environmental Services at (209)527-6453.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Raudabaugh".

Anja Raudabaugh, CEO
Western United Dairymen