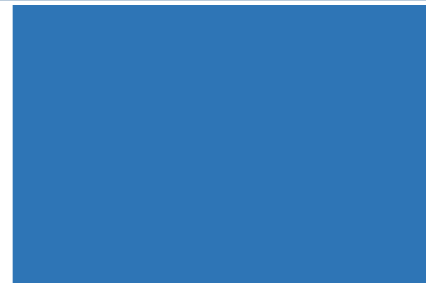
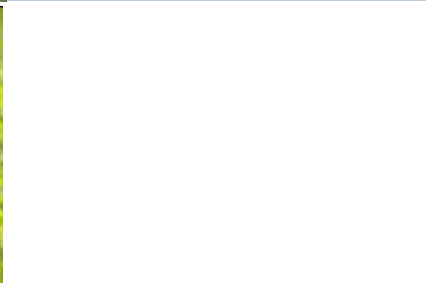
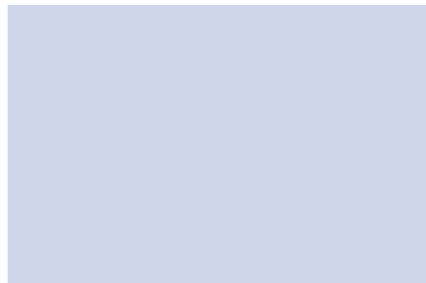


**Water Quality Control Plan SED  
Impacts to California Dairy Sector  
December 20<sup>th</sup>, 2016**

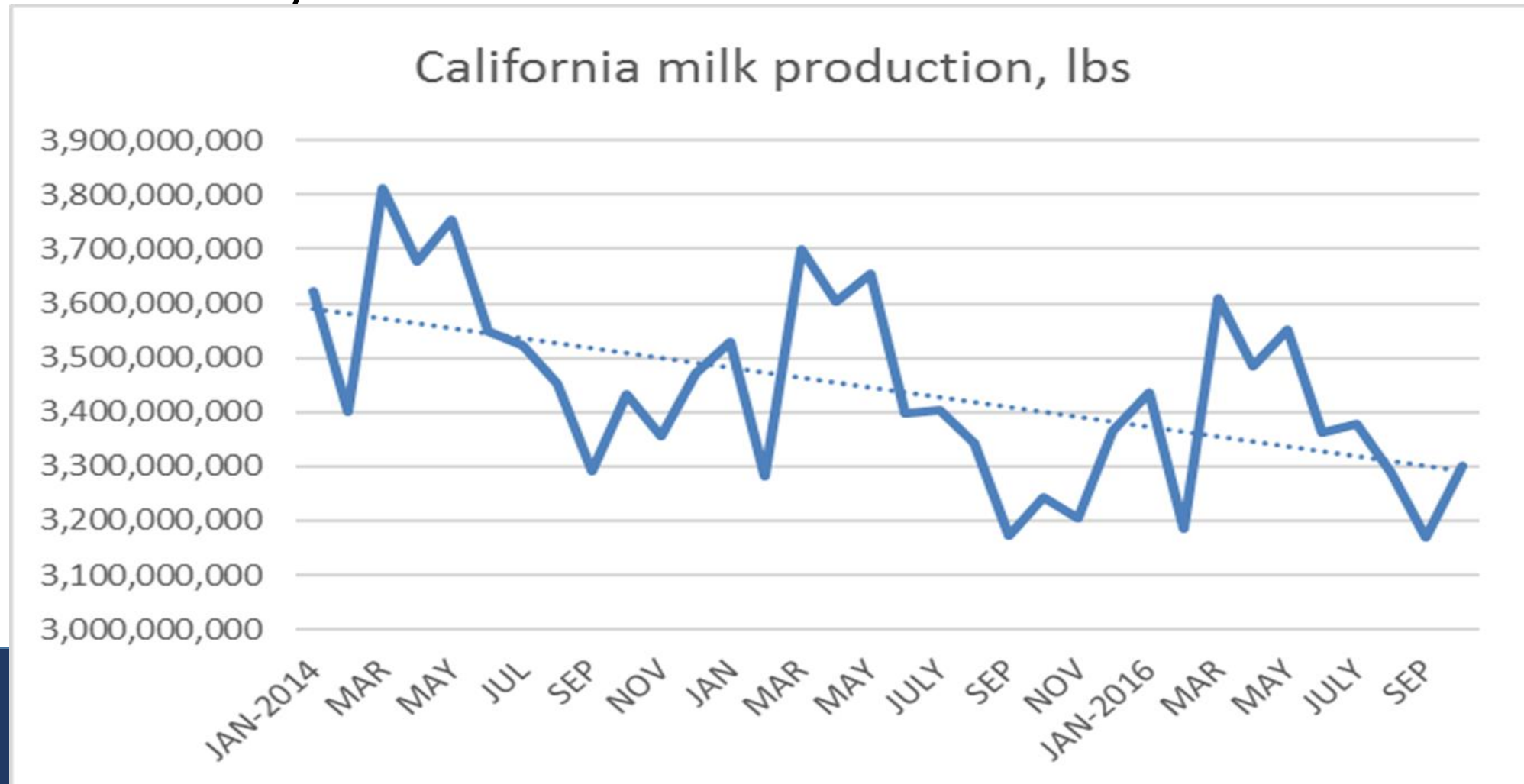


# California Dairy Industry

- Dairy is unique to California's climate, geographic location in the world, and symbiosis with ALL agricultural commodities
- Dairy families in California are highly adaptive to their regions, and remain co-dependent on ag's regional successes and failures
- The key survival component of the California dairy family has been their enhanced sustainability practices, which match the state's mission of green and progressive environmental practices.
- Our consumers have a strong desire for their products to be environmentally friendly, so the industry has responded reducing its carbon footprint by 35% in 10 years

# California Dairy Industry is in Rapid Decline

- Progressive practices have taken their toll and the industry has declined by half in a decade



# California Dairy Industry is in Rapid Decline

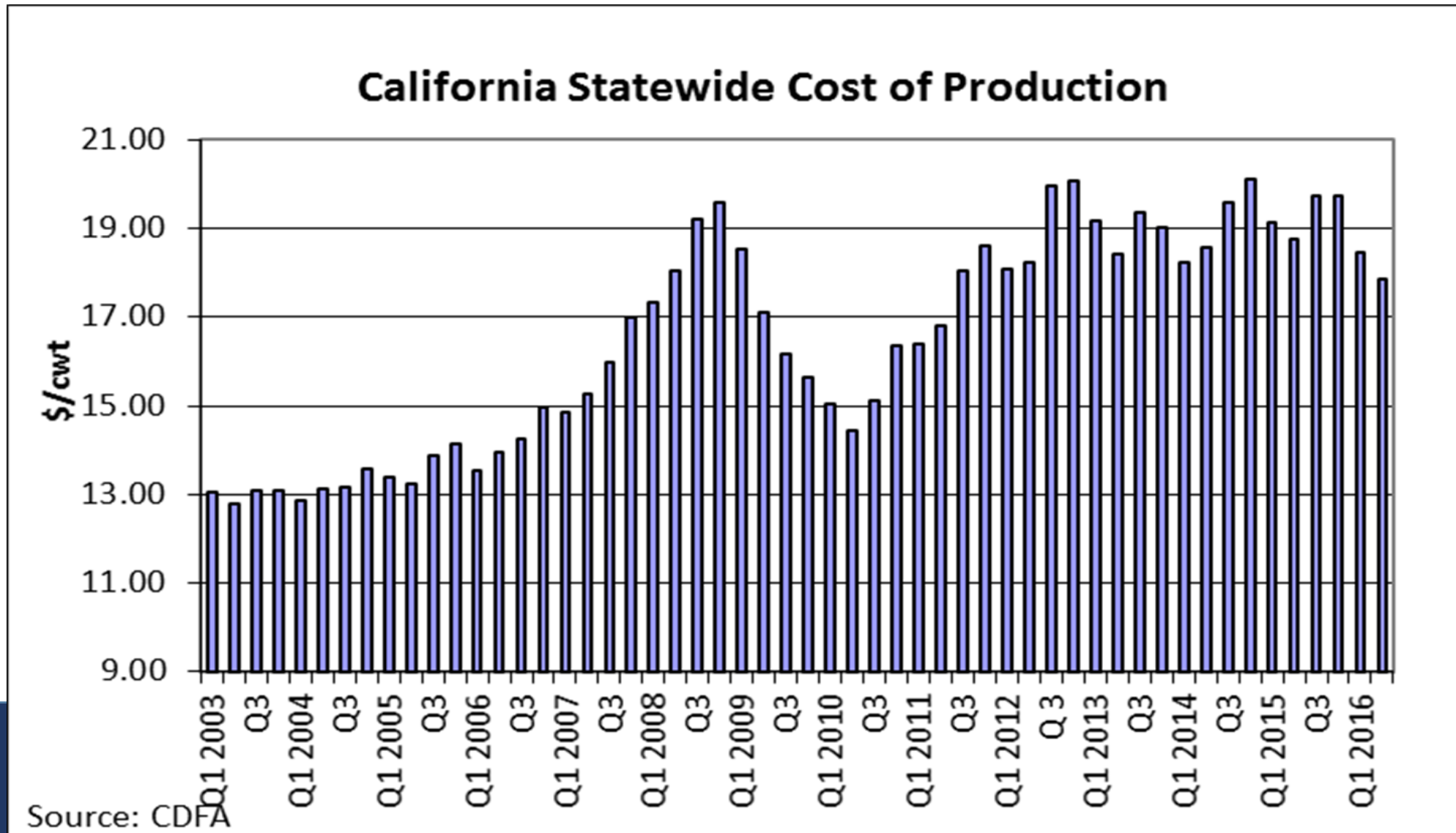
- Less Milk Production Means Fewer Family Dairies

Year	Number of dairies in CA
2007	1,950
2008	1,852
2009	1,752
2010	1,716
2011	1,668
2012	1,563
2013	1,496
2014	1,470
2015	1,438
May- 16	1,385



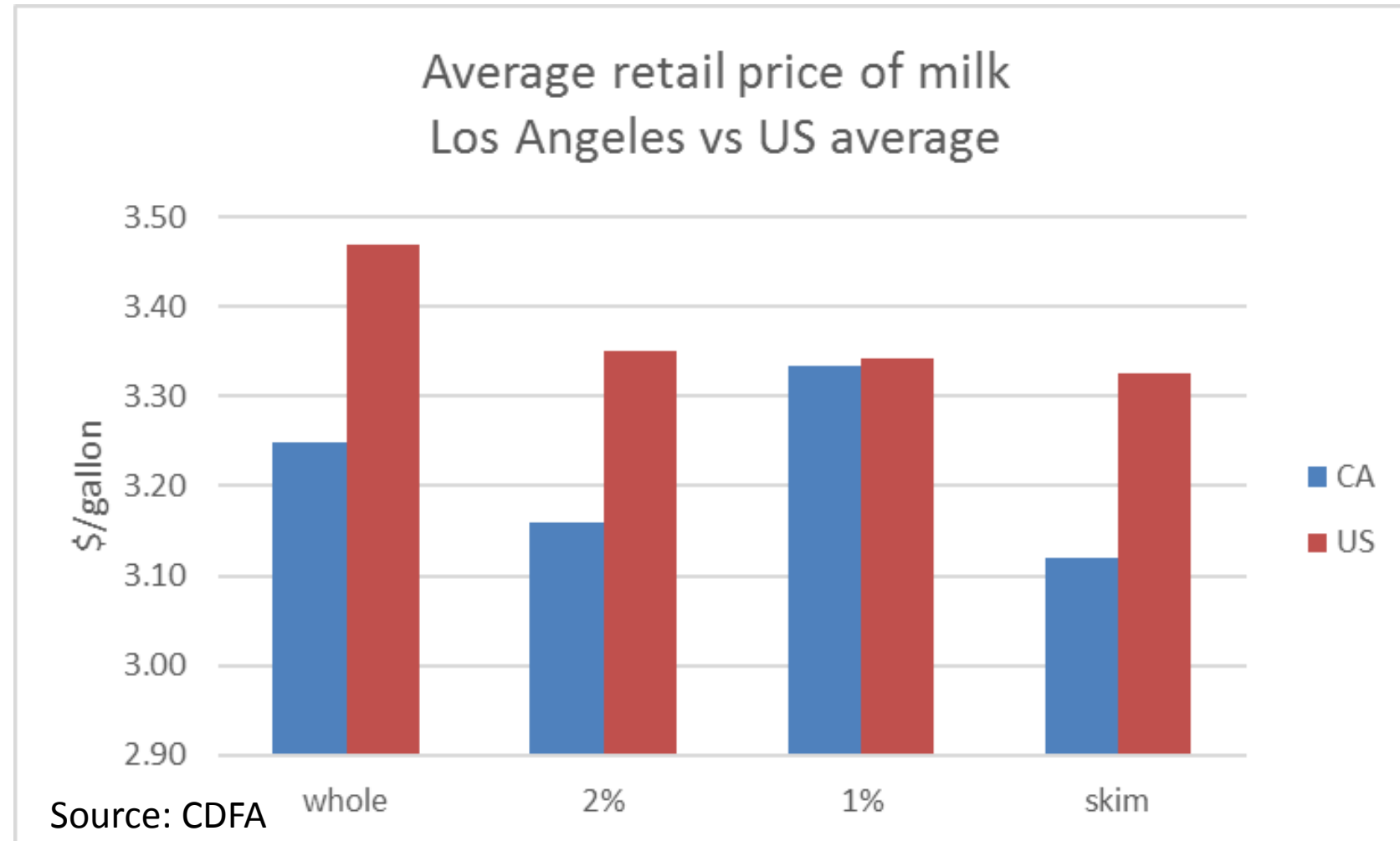
Source: CDFA

# California Dairy Industry Costs of Production Have Been High Since the Drought Began



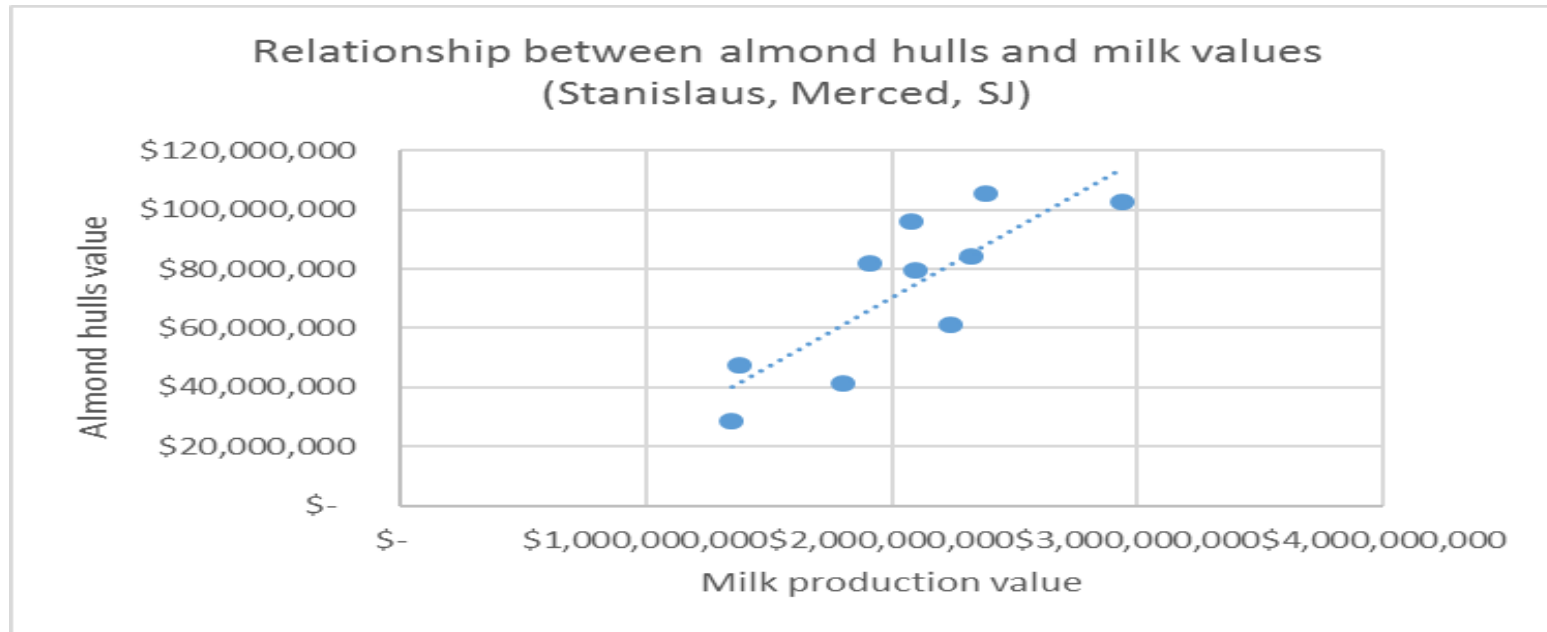
# California Dairy Industry Benefits Consumers

Despite costly regulations unique to California and the generally higher cost of doing business, California consumers have benefited from low milk prices – assuring a healthy product is affordable



Note: Data is for first 5 months of 2015. CDFA stopped publishing it after that.

# Dairy Industry is Co-Dependent on Composting and Eliminates Significant GHG Emissions



# Pizza consumption is the Heart of America

- On any given day, 1 in 8 Americans eat pizza
- 1 in 4 boys between 6 and 9 years old eat pizza everyday
- Because of our love of pizza, Mozzarella is America's favorite cheese, with per capita consumption more than 11 pounds per year
- Almost 60 percent of the cheese that California produces is Mozzarella, tying the California dairy industry even more closely to America's love of pizza.



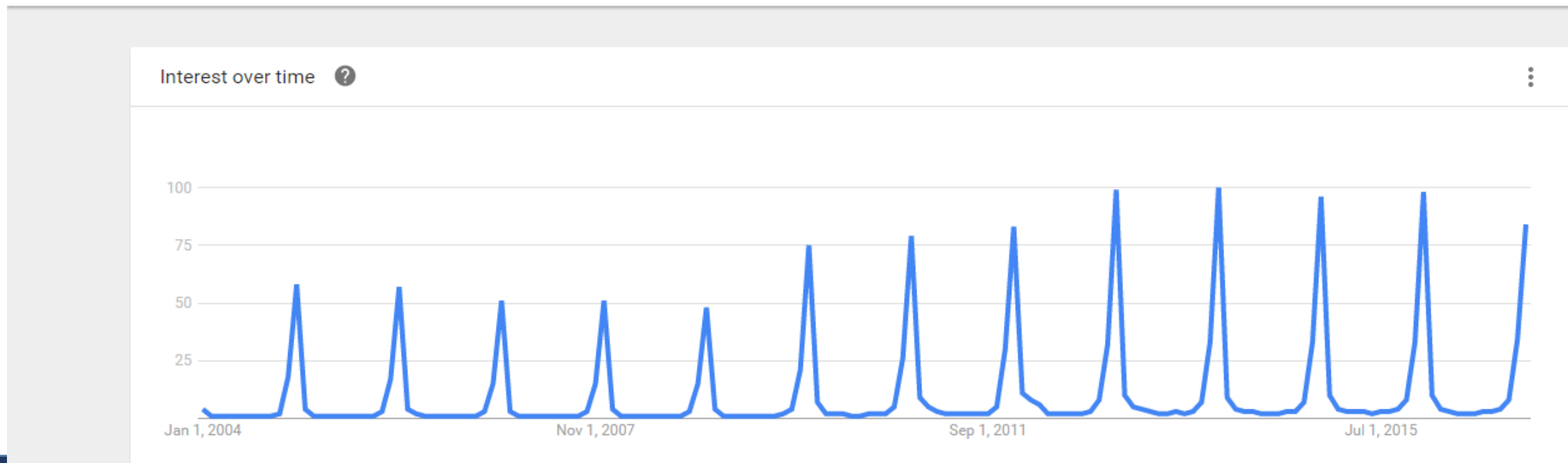
# Interest for Eggnog is Rising!

Google Trends Explore

● **eggnog**  
Search term

135 million pounds of eggnog is consumed in the US each year

Worldwide ▾ 2004 - present ▾ All categories ▾ Web Search ▾



# GHG Emission Impacts Were Not Analyzed

- CA Dairy Industry was recently regulated for methane, a SLCP classified as a GHG
- Methane ability to be quantified by both ARB and the industry is not finite or accurate
- Increase in GHG's as a result of the SED poses a serious risk of non-compliance for the dairy industry because of subjective baselines
- Shifting river flow earlier in the year reduces hydropower, a GHG neutral power source, during the peak summer power demand
- This loss of power is likely to be at least partially offset by power sources with greater GHG emissions.
- If dairies cannot grow their feed locally they will likely purchase or grow feed in more distant places increasing transportation emissions

# GHG Emission Impacts Will Be Increased Under Plan

- As a result of not having surface water available to grow their feed, the inevitable shutdown of dairies in CA will lead to major GHG leakage from the displacement of this commodity elsewhere in the world
- Other countries located on the pacific rim that will be natural trade partners for CA's dairy needs are not a fraction carbon-compliant as CA's dairies

# Water Quality – CV-Salts

- CV-Salts has been working with stakeholders to develop a regulatory process to allow more certainty in industry permitting while ensuring that everyone gets safe drinking water
- Without high quality water to recharge our aquifers, groundwater quality will decline as we have seen as the result of drought to date
- This leads to water quality issues for everyone but especially for disadvantaged communities
- CV-Salts has been working to address this issue but this plan will make its job more difficult
- SWRCB should consult with CV-Salts to minimize the impact of this plan on disadvantaged communities and the CV-Salts effort

# Document Fails to Consider Nutrient Management in Economic Analysis

- Livestock operations for example must take into consideration nutrient management
- While producing alfalfa may be a low value use of the land, livestock operations may not be presented with a clear choice to fallow that land (or convert it to tomatoes) because they need it to spread their manure
- Regulations state that the amount of nitrogen you can apply is tied to the amount of nitrogen you can remove. Simply having acres to do it does not work if there is no crop on it to remove the nitrogen
- By omitting this linkage between land use and livestock operations, the results of the study are skewed and inaccurate

# Document Fails to Consider Nutrient Management in Economic Analysis

- According to the conclusions of the economic analysis, as optimal returns to farmers are reached and as water becomes scarcer, the crops most affected are Pasture, Alfalfa, Rice, and Other Field Crops
- The document states these crops face the largest reduction because “they require relatively high water use and/or generate lower net revenue per acre when compared to annual crops, such as Almonds and Pistachios. The modeling results predict that higher-value crops, such as Tomatoes, are less affected by reduced surface water diversion than lower-value crops because farmers would be expected to fallow lower-value crops first”
- Decisions regarding land use sometimes are part of an entire operation and cannot be isolated. Livestock operations for example must take into consideration nutrient management
- While producing alfalfa may be a low value use of the land, livestock operations may not be presented with a clear choice to fallow that land (or convert it to tomatoes) because they need it to spread their manure.

# Document Fails to Take Nutrient Management Into Economic Analysis

- Manure management, air quality, and water quality are inextricably linked to operating a sustainable dairy that meets with CA's high standards of green progress
- The SED will force dairies out of compliance with most of their operating permits and ALL of their operating regulations as a result of restricted surface water

# Substitute EIR v. Project EIR

- Distinction is important because the SED represents a deferral of environmental and economic analysis
- Environmental analysis in the document is deficient towards local agriculture, local water supplies, and total economic impacts
- Instead, the SED explicitly “defers” analysis over 800 times in these resource areas
- Full Project EIR should be conducted that includes a full analysis under Public Resources Code –including but not limited to PROPER use of the SWAP economic analysis and a full economic analysis for IMPLAN



# Project EIR v. Programmatic Document

- Because of the geographic significance of this proposal, this should equally be considered as a programmatic document
- The suggestion in the document that the previous bay-delta plan is the programmatic document which all analysis and decisions and “plan amendments” can be tiered from is unreasonable
- There is no reference to SGMA, no analysis of SGMA in this SED or the prior programmatic document
- SMGA will have DRAMATIC affects on this region and is certainly NOT a legal use of the term “later activities” of a geographic area –but rather the single most impactful property rights and water entitlement law to ever be recorded in the state’s history
- All of the baseline conditions –for the fish, for agriculture, for climate change have CHANGED DRAMATICALLY from the prior programmatic document

# Deferral of Analysis

- CEQA requires that significant impacts to any one or all resource areas not be deferred to a later date
- In all categories of regulatory compliance for the CA dairy industry, impact analysis is deferred
- Nutrient Management = Water Quality
- GHG/SLCP Management = Air Quality
- The rural cry for social justice is here and is equally important for the Board's consideration; CEQA is required to save us

# Suggestions for Collaboration

- Because the CA dairy industry is currently in sharp decline, any further regulatory constraints on the industry can not be suggested as possibilities for collaboration
- Areas that are currently within the dairy industry's scope of production costs include:
  - Substantial and on-going investment in the CV Salts Process
  - Substantial investment in REGIONAL habitat solutions for salmon and fish populations
  - Regulatory costs associated with water quality compliance for both the CDQAP program and the future WDR requirements for the industry

# Summary of Comments

- Major economic flaws in SED as it pertains to the dairy industry
- The lack of analysis for manure management, nitrogen application and overall nutrient management makes the analysis flawed and inaccurate
- Tiered analysis from an aged programmatic document has resulted in systematically incorrect baseline assumptions for the dairy industry
- The industry is ready to work collaboratively within its existing cost of production, but can not suggest any further regulatory constraints as a viable option
- CEQA is here to protect us all
- The rural cry for social justice is here and is equally important for the Board's consideration

# Questions or Comments

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