

Milk Producers Council

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TO: DIRECTORS & MEMBERS

FROM: Rob VandenHeuvel

MPC FRIDAY MARKET UPDATE

CHICAGO MERCANTILE EXCHANGE

Blocks +\$.0700 \$1.8800
Barrels +\$.0425 \$1.8350

CHICAGO AA BUTTER

Weekly Change -\$.0425 \$1.7025
Weekly Average -\$.0600 \$1.6980

NON-FAT DRY MILK

Week Ending 10/3 & 10/2

Calif. Plants \$1.0925 11,366,607
NASS Plants \$1.0646 22,092,514

Weekly Average

Blocks +\$.0050 \$1.8500
Barrels -\$.0025 \$1.8155

DRY WHEY

NASS w/e 10/4/08 \$.2021 WEST MSTLY AVG w/e 10/9/08 \$.1850

FRED DOUMA'S PRICE PROJECTIONS...

Oct. 10 Est:	Quota cwt. \$17.35	Overbase cwt. \$15.65	Cls. 4a cwt. \$13.95	Cls. 4b cwt. \$16.88
Last Week:	Quota cwt. \$17.26	Overbase cwt. \$15.56	Cls. 4a cwt. \$14.29	Cls. 4b cwt. \$16.45

NOVEMBER CLASS 1 PRICE ANNOUNCED: (By Rob VandenHeuvel) Today, CDFR announced that the November Class 1 minimum price will be \$19.00 per cwt. in Southern California and \$18.72 per cwt. in Northern California. This is \$0.50 per cwt. *above* the October Class 1 price, but \$4.43 *below* the November 2007 Class 1 price. As a reminder, Class 1 sales have accounted for approximately 13 – 14 percent of the total utilization of our pooled milk in 2008.

MPC BOARD ADDS SOME NEW FACES: (By Rob VandenHeuvel) As our members will recall, we recently held an election for positions on the board of directors. By a unanimous vote, the following seventeen individuals were selected to serve on the MPC Board:

- Dick Jorritsma (Ontario)
- Daryl Koops (Ontario)
- Art Marquez (Ontario)
- Victor Mendes (Tulare)
- Ron Miersma (Ontario)
- Michael Oosten (San Jacinto)
- B.J. Schoneveld (Bakersfield)
- Brad Scott (San Jacinto)
- Ben Slegers (Buttonwillow)
- Mark Stiefel (Winchester)
- Maynard Troost (Bakersfield)
- Geoffrey Vanden Heuvel (Chino)
- Sybrand Vander Dussen (Corona)
- Brian Vander Poel (Bakersfield)
- Hank Vander Poel (Wasco)
- Pete Vander Poel, Jr. (Tulare)
- Brian Wind (Bakersfield)

Thank you to all our members that voted. Our board and staff take great pride in representing our dairy family members on important issues facing our industry, and we greatly appreciate your support of MPC.

STATE WATER BOARD APPROVES A 40 PERCENT INCREASE IN DAIRIES' ANNUAL FEES: (By Rob VandenHeuvel) This week, the State Water Resources Control Board (SWRCB) approved across-the-board increases in the annual fees, including a **40 percent increase** in the annual fees being paid by dairies throughout the State. *To put this in perspective, for dairies with 700 – 1,499 cows (milking + dry), your fee will increase by \$530. For dairies with 1,500 – 2,999 cows, your fee will increase by \$1,108. For dairies larger than 3,000 cows, your fee will increase by \$1,772.* While CARES, on behalf of the State's dairy producers, argued that this increase was excessive, the SWRCB stated that it was necessary to recover their costs – which have escalated more than 35 percent in the past two years!

The underlying problem is that the Governor and the California Legislature has allowed the SWRCB, as well as many other State bureaucracies, to grow uncontrollably. Then our elected officials pass a budget stating that they protected the taxpayers' interests, but give these State bureaucracies the authority to jack up the fees on businesses to pay for the excessive state spending. **Whether they call it a fee or a tax – it's all the same for dairy families and other employers in California.** MPC has sent a letter (which can be found at <http://www.milkproducerscouncil.org/1008governor.pdf>) to Governor Arnold Schwarzenegger with this message. Our elected officials must keep these bureaucracies accountable. Keeping these costs in check – with the help of our elected officials – is the only way to stop the dramatic growth in regulatory fees.

As for the specific issue of the increased fees imposed by the State Water Board, MPC has spoken with the California Dairy Quality Assurance Program (CDQAP) about scheduling classes that would allow dairies to become “environmentally certified”. This process, which includes attending a couple classes and an on-site inspection of you facility, **will save you 50 percent on your annual SWRCB fees once you are officially “certified.”** Some of you may have attended one of these classes in the past, but until you have attended both classes and completed the on-site inspection, you will not be eligible for the 50 percent discount.

If any producers are interested in getting “environmentally certified” and getting this 50 percent discount on your annual fees, please call Debi Clark at (909) 628-6018. If we know there's enough interest in the participating, it will be easier to convince CDQAP to host classes in various parts of the state.

ATTENTION CENTRAL VALLEY MEMBERS – ANOTHER SERIES OF WORKSHOPS ON THE UPCOMING WATER BOARD REPORTING DEADLINES: *(By Rob VandenHeuvel)* Next week, the California Dairy Quality Assurance Program (CDQAP) will launch another series of workshops throughout the Central Valley to educate producers on the next set of reports for the Central Valley Regional Water Quality Control Board, which are due by December 31st. CDQAP staff will be available at these workshops to answer any questions that producers may have. While many dairies have hired 3rd party consultants to handle much of their compliance with the new water quality regulations, it's important that producers also be aware of what is expected. It is ultimately the *dairyman*, not the consultant, that is accountable for complying fully with the regulations. I would urge all producers to make an effort to either attend these meetings or send a representative.

The workshops next week will be held in Madera (Tuesday), Tulare (Wednesday) and Sacramento (Thursday) Counties. For details on times and locations, you can either see CDQAP's mailing at <http://www.milkproducerscouncil.org/fall08wdrworkshops.pdf>, you can call Debi Clark at (909) 628-6018.

SOME SOUTHERN CALIFORNIA DAIRIES MAY HAVE TO DO A NUTRIENT MANAGEMENT PLAN: *(By Rob VandenHeuvel)* A couple weeks ago, the Santa Ana Regional Water Quality Control Board (RWQCB) sent a letter to about 25 dairies in Southern California informing them of a new regulation that requires dairies with farming operations to do a nutrient management plan (NMP) if they apply their manure or wastewater to their cropland (which does *not* include grazing pasture). According to the RWQCB, the letters were sent to dairies that reported they had cropland in their Annual Report of Waste Discharge, which is filed every January. If you received this letter, but have no cropland, you are *not* required to submit an NMP. Please call me at (909) 992-9529 and I can assist you in responding to the RWQCB.

However, if you received the letter and you *do* have cropland that you apply your manure to, you will need to develop an NMP. These plans include regular monitoring and sampling of the manure and soils, monitoring of the manure application, and a system of record-keeping. The RWQCB has asked that dairies submit initial paperwork for these plans by October 15th. Milk Producers Council can help you with this initial paperwork. Please give me a call at (909) 992-9529 for more details.

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