

## California returns to pre-European era for 21st century water storage

As California handles a record drought and a record budget surplus, the state is adding no new money to proposals for surface water storage projects. The latest budget deal instead targets nearly \$1 billion for nature-based solutions included in a water and drought resilience package.

**Within this allocation, a pot of cash will be available for strategic flooding to recharge groundwater aquifers — a cheaper, slightly quicker alternative to surface water storage. California’s water leaders are touting it as a way to create climate resiliency while returning the system to a time before Europeans arrived and honoring the state’s tribal heritage.**

“We have 20th-century infrastructure for 21st-century problems,” said Natural Resources Secretary Wade Crowfoot, borrowing a catchphrase from State Water Resources Control Board Chair Joaquin Esquivel. “That reservoir system did really well for us when there were a lot less people in the state and before the impacts of climate change. With the challenges we have — this more variable hydrology, longer droughts, worse flooding — we can't rely on these reservoirs.”



A groundwater recharge pond in the Coachella Valley. (photo: DWR)

**Speaking last week at a town hall meeting hosted by State Sen. Bill Dodd of Napa, Crowfoot then referenced UC Davis engineering Professor Jay Lund, who often points out that the best locations for reservoirs have already been taken and the remaining options would be more expensive for storing water, leading to steep prices for farmers to shoulder.**

“We know a lot more today about the impact of reservoirs on fish, including our salmon that supports a fishing industry and is part of our natural heritage,” added Crowfoot.

Esquivel praised California Native Americans for the land management they had conducted for millennia.

“We really didn't understand fully what it was that we came in here and inherited,” he said. “And we made a number of decisions that we're having to reconcile now in the face of climate change.”

Paving over the majority of the state's wetlands altered the landscape in ways that now require the state to go back and rebuild those natural services, explained Esquivel.

**“We're going to have to think differently about storage,” he said, citing examples of water recycling projects and efforts to improve data gathering for water runoff and atmospheric river forecasting.**

According to the Public Policy Institute of California, the state's aquifers have much more storage capacity than the existing surface reservoirs, and groundwater banking can help farmers adapt to less water stored as snowpack and water managers to plan for more extreme flood events. Yet the researchers have also found the current infrastructure for conveyance and surface water storage “is not primed to take advantage of water available for recharge, especially during wet years.” The researchers noted in a separate paper in 2019 that expanding local and regional conveyance infrastructure may be necessary, while also addressing capacity constraints due to damage from subsidence.

Boosting groundwater banking and strengthening the state's water trading markets can also help agriculture adapt to new 20-year plans for implementing the Sustainable Groundwater Management Act (SGMA). The \$15 billion climate package Gov. Gavin Newsom signed into law last week sets aside \$300 million to assist local agencies in implementing those plans.

According to Nancy Vogel, the new deputy secretary for water under Crowfoot, the Department of Water Resources (DWR) and the state water board are “working hard on making sure that local agencies can capture those winter flood flows and use them to recharge groundwater.” The department is streamlining permit applications for this through an effort Crowfoot calls “cutting the green tape.”

In a budget briefing Friday, Vogel pointed out that the SGMA funding could support some of the infrastructure local agencies need for recharge projects. The budget package allocates another \$638 million over the next three years for flood management projects, with DWR likely putting some of that money into multi-benefit recharge efforts. Another \$200 million over the next two years will go to repairs for conveyance canals, which is slightly less than the amount dedicated to streamflow enhancement for wildlife conservation and much smaller than the \$800 million Senate Bill 559 had proposed for immediate spending on repairs.



Natural Resources Secretary Wade Crowfoot at Lake Mendocino in May. (photo: DWR)

On the federal side, the Bureau of Reclamation and the Natural Resources Conservation Service are offering irrigation districts grants of up to \$1.5 million for efforts to improve efficiency for

agricultural water use in the state. This could support lining canals, improved metering and building weirs.

In signing the budget package on Thursday, Newsom said the state is “investing, yes, in storage. But we define storage broadly — not just the old hydrology of storage above ground, but also below ground.” According to a CalEPA spokesperson, Newsom was likely referring to dollars from the 2014 Proposition 1 water bond. The administration has been encouraging the California Water Commission to speed up the process for distributing that funding for projects like the Sites Reservoir proposal. The commission has faced steady criticism since its 2018 decision to reduce funding for storage projects after finding ecosystem benefits would be minimal. Farm groups have also blasted the commission for delaying that funding.

While Newsom has the power to appoint new commissioners, the body is designed to be a science-based advisory group operating separately from the administration. Prop. 1 granted it new powers to control the purse for that water bond, adding to its role as gatekeeper of federal infrastructure funding.

**Nevertheless, Commissioner Matthew Swanson expects seven projects will move forward on construction after reaching a critical funding milestone in January. Altogether, the projects would add about 2.7 million acre-feet of new storage.**

In an interview with *Agri-Pulse* on Friday, CDFA Secretary Karen Ross turned attention to a \$550 billion federal infrastructure bill that could be up for a House vote this week. The bill includes \$8.3 billion for Western water needs, with \$3.2 billion allocated for aging infrastructure and \$1.2 billion for water storage, groundwater storage and conveyance projects.

Ross cautioned that this type of spending, however, would not help with the current drought.

**“There's no short-term dollars that can fix that immediately,” she said. “We just have to be realistic.”**

Even smaller water use efficiency projects to improve wells take time to complete, she explained. For those grants, the budget includes \$100 million spread over two years.

New large-scale groundwater banking projects have been underway but are still several years from completion. Existing efforts have shown this approach can pay off significantly. However, it requires tedious coordination among agencies and local governments and has less potential for the southern Central Valley without investing in conveyance improvements and moving more water south of the Delta.

Water rights related to groundwater recharging have been the biggest concern for growers as well.

“Groundwater recharge is great,” John Duarte, president of Duarte Nursery near Modesto, told the Water Commission in a mid-September hearing on San Joaquin Valley water issues. “But if we don't have the water rights secured and there's not some flexibility added ... that's going to be a challenge.”

Duarte added that the state has to improve the conveyance system and weather forecasting to be able to channel high winter flows to recharge sites. He also called it poor resources management

for the state to allow excess water to flow to the Delta in "attempted single species management" under the Endangered Species Act.

The state's immediate response to the drought, however, has been to issue curtailment orders to diverters in several watersheds and to use the main reservoirs to prop up fish populations, while also supplying water for basic human needs and keeping salinity at bay in the Sacramento — San Joaquin Delta. This will likely continue into 2022 as another dry year begins to unfold, meaning no water allocations for south-of-Delta contractors.

DWR Director Karla Nemeth described to the Water Commission how three reservoirs in Northern California — Shasta, Oroville and Folsom — have played a vital role in managing water across the state but are no longer a reliable source for farmers.

“We're not meeting water supply needs south of the Delta with water stored in those reservoirs,” said Nemeth. “Those big reservoirs are really becoming regulating reservoirs heading into this new year.”

## California's rising costs for water quality have bumped fees 130%

The State Water Resources Control Board repeated an annual ritual last week of increasing regulatory fees for farmers and other stakeholders while decrying legislative actions that leave no other options for raising revenue. An agricultural coalition has been pressuring the Newsom administration to approve taxpayer dollars to support the programs and their broad environmental benefits.

J.P. Cativiela, the environmental affairs director at Dairy Cares, calculated water board fees have risen for his members 130% since 2012, about the time when the board switched to a fee-based revenue structure. The price of milk, meanwhile, grew just 3% over the same period.



A state geologist measures groundwater levels in Yolo County. (Source: DWR)

**“It may be the very best thing in the world. But if it costs too much and we can't afford it, it doesn't really help us,” said Cativiela, sharing widely felt frustrations across the industry that the high fees have hindered the effectiveness of the regulatory programs.**

The fee increases come as farmers invest in new requirements for salinity and nitrate control and winery discharges, along with rising costs from other agencies as well as for electricity, fuel, labor and cattle feed. Roger Isom, the president and CEO of the Western Agricultural Processors Association, pointed out that the biggest impact to the industry, the minimum wage increase, will add

an 88% increase when it takes full effect next year, a rate still far below that of the board's fee increases.

Several commenters keyed in on a new finding that regulatory costs rose 265% for growers in the San Joaquin Valley over a six-year period ending in 2018. Lynn Hamilton, an agribusiness professor at Cal Poly San Luis Obispo, shared those results and her new paper at the *Agri-Pulse* Food & Ag Policy Summit West in July.

Following the discussion, the board approved a waste discharge fee increase of 17% and bumped fees more than 15% for confined animal and agricultural lands programs. The water rights fees rose another 10%.

**Board Chair Joaquin Esquivel sympathized with the agricultural stakeholders and the impact on small businesses from the fees. He was open to collaborative efforts to reduce those costs and to add some flexibility to the payment schedule. But he struggled with finding a simple solution for a complex problem that returns to the board each year despite the best efforts of staff and stakeholders.**

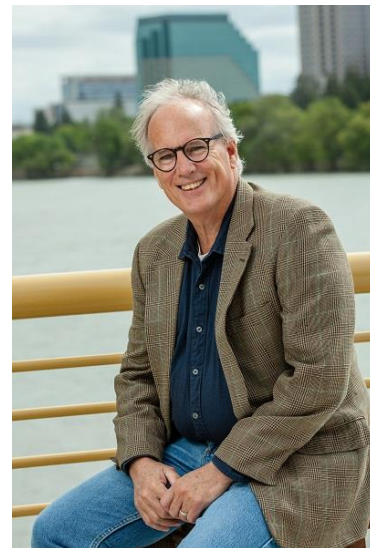
“The Legislature and the governor's office go through all sorts of public negotiation to set positions and direction to this board,” said Esquivel. “We then turn around and set fees to implement it.”

He feared a “second bite at the apple” would erode that direction from the two branches and called it an important leadership discussion for the Legislature. Agriculture board member Dorene D’Adamo recognized the agency should carefully frame that discussion for lawmakers for any progress to occur.

**“I’ve been following these issues for a number of years and just doing a lot of hand wringing. There’s only so much that we can do within our jurisdiction,”** said D’Adamo. “We will be working with [stakeholders] on how to better characterize these very significant challenges and tee up the policy discussion for the administration and for the Legislature ... So that the decision-makers — the real decision-makers — can exercise their authority over any changes.”

Bruce Houdesheldt, who directs regulatory affairs at the Northern California Water Association, posed it as a question of how much the public should pay for environmental benefits. The association, he said, has paid the largest share of water quality fees, since it oversees about 1.3 million irrigated acres in the Sacramento Valley, amounting to about 21% of the cost share, or \$1.4 million annually.

“I’ve got a simple solution,” said Houdesheldt, as he argued that the bulk of the increases come from staff benefits and compensation, which should be general taxpayer fund obligations since those costs do not directly improve water quality.



Bruce Houdesheldt, NCWA regulatory affairs director (photo: NCWA)

He was surprised stakeholders are also shouldering the costs of pay increases and the removal of furlough savings in a year with a historic state surplus and worried that would take money away from implementing nature-based solutions like investing in cover crops or other soil health practices.

Houdesheldt and Agricultural Council President Emily Rooney pushed for a deferment on fee increases, owing to the shortage of acres in production during the drought and a continued downward trend as plans are implemented for the Sustainable Groundwater Management Act. Rooney also requested a deeper dive into the budget and the fee process as a whole.

“There doesn't seem to have been, at least in the last decade, a real strategic review to analyze what's working or not working in the process,” she said, recognizing that the fee division has come a long way in providing transparency and engaging with the stakeholder community. “But it's been my personal observation that they're almost siloed from program development and implementation.”

She explained how CDFA and regional air districts have more meaningful engagement at the programmatic level and take a more collaborative approach to regulatory implementation. Isom elaborated on how the San Joaquin Valley Air Pollution Control District has raised permit fees just 15% over the last decade but has been the first in the nation to achieve federal attainment status for ozone, PM 10 and soon PM 2.5 standards.

**“Not only do they minimize the fee increases, they've actually improved the air quality dramatically,” said Isom. “It really comes down to the performance metrics.”**

Bob Gore, a policy advocate for the Gualco Group, noted the Porter Cologne Act, which granted the board its current regulatory authorities, is now 50 years old and with drastic changes in water resource management under the drought, “it's a good time to realign things.”

Chief Deputy Director Jonathan Bishop cautioned that any changes could come at a cost elsewhere. Adding more flexibility for smaller farmers would add more staff time and further raise the fees. He added that the regional water boards implementing the programs have long searched for more efficient ways of working.

“It's not like they have been ignoring this issue,” said Bishop, adding: “It's not really our place to dictate how they internally manage their staff.”

Board members acknowledged the frustration from all sides as well as the general cohesion in wanting to find solutions.

**“Having a fee-based system entirely really hamstrings us in our opportunities to do more innovative things,” said D’Adamo.**

## **Democrats reworking farm bill to meet climate goals**

The huge budget reconciliation bill Democrats are trying to pass would reshape a large section of the farm bill ahead of schedule, angering farm-state Republicans who fear it will be difficult to alter the dramatically increased spending allocations for conservation programs.

The agriculture provisions in the Build Back Better bill haven't been finalized, and the size of the legislation is certain to be reduced as House and Senate Democrats negotiate a final version in the coming days.

**But the impact of the legislation would be historic. A draft amendment to the bill would create \$28 billion in new conservation funding to go with the \$59 billion that USDA is already projected to spend from 2022 through 2031 under the 2018 farm bill, according to the latest Congressional Budget Office forecast.**

That \$28 billion in new money would represent the single largest infusion of funding into conservation since the Dust Bowl — slightly more than Congress added to conservation programs in the 2002 farm bill, roughly \$26 billion in today’s dollars.

Current conservation spending averages about \$5.9 billion a year, more than \$2 billion of which goes to the land-idling Conservation Reserve Program, which would not be affected by the Democratic bill.



*Senate Ag Committee Chair Debbie Stabenow, D-Mich.*

**The impact of the new funding could help reduce ongoing backlogs while also enabling lawmakers to use the remaining money to permanently increase funding for federal conservation programs.**

“What we’re doing is absolutely critical to respond to the climate crisis,” said Senate Agriculture Committee Chairwoman Debbie Stabenow, D-Mich. “There’s a broad list of every part of agriculture and agribusiness and environmental groups that strongly support what we’re doing.”

But the committee’s top Republican, John Boozman of Arkansas, said Democrats are prematurely and unfairly reopening the 2018 Farm Bill on a partisan basis.

**“This is them picking winners and losers,” he said. “It’s an attack on the committee. It’s an attack on me. And we’ll be fighting back with everything we can fight back with.”**

His GOP counterpart on the House Ag Committee, Glenn “GT” Thompson of Pennsylvania, said the Democratic plan would have “significant political and financial ramifications, and further shows just how out of touch Democrats are with rural America and the needs of production agriculture.”

The money is designed to start flowing to USDA in fiscal 2022, allowing the Natural Resources Conservation Service to start whittling down a backlog of demand, particularly in the highly popular Environmental Quality Incentives Program. FY22 starts on Friday.

More significantly, the House and Senate Ag committees could take the rest of the money not spent in FY22 and FY23 to create permanent funding for the farm bill's conservation title. The current farm bill is due to be replaced in 2023.

Under congressional budget rules, money authorized through a reconciliation bill can’t be spent beyond a 10-year window, after 2031 in this case. But the rules that govern farm bills would allow the ag committees to get around the reconciliation restriction and permanently increase funding, or baseline, for conservation programs, experts say.

To do that, the committees would have to take the money authorized by the reconciliation bill and then spread it out over the 10-year period that would follow the enactment of the farm bill. Based on how the amendment is currently written, about \$20 billion would be available to the committees to spend, starting in FY24.



*Ferd Hoefner*

**“The long-term benefit is that if wise minds prevail in future farm bills, they can make this (the increased conservation funding) a permanent thing, not a temporary thing,” said Ferd Hoefner, an ag policy consultant and longtime leader of the National Sustainable Agriculture Coalition.**

Funding in the Democrats’ draft amendment is largely backloaded, potentially increasing the amount of money available to the ag committees when they write the next farm bill.

The **Environmental Quality Incentives Program** would get \$9 billion under the legislation to fund practices and enhancements that reduce greenhouse gas emissions or sequester carbon. Of that amount, \$800 million would be spent in FY22 and FY23.

EQIP has an enormous backlog that the funding would help reduce; in FY19, only 41,471 of the 149,574 applications received funding, according to the Congressional Research Service.

The bill also would make two significant changes for the new funding: An existing 50% setaside for livestock would be removed, and the limit on conservation innovation grants would be raised from \$25 million to \$50 million, with priority given to projects that use diet and feed management to reduce methane emissions from cattle.

Without the additional funding, EQIP is currently projected to cost \$1.7 billion in FY22.

The **Conservation Stewardship Program** would get \$4 billion in new funding to reward farmers for implementing at least one climate-smart enhancement or for carrying out state or regional-specific bundles of climate-smart enhancements. Producers can earn higher payments for implementing bundles of practices, such as conservation tillage and cover crops. Some \$750 million of the CSP funding is earmarked for FY22 and FY23.

CBO currently projects the CSP program to cost just under \$1 billion a year in FY22.

The **Regional Conservation Partnership Program**, which leverages private as well as state and local funding sources to carry out region-wide conservation projects, would be funded at \$7.5 billion under the draft amendment, and is currently projected to cost just \$223 million in FY22. The new legislation would provide an additional \$200 million for FY22 and another \$500 million in FY23.

Under the legislation, USDA would be authorized to prioritize RCPP projects that “leverage corporate supply chain sustainability commitments” or “utilize models that pay for outcomes from targeting methane and nitrous oxide emissions associated with agricultural production systems.”



The **Agricultural Conservation Easement Program**, which funds wetlands restoration and protection of farmland from development, would be funded at \$1.5 billion under the legislation, with \$300 million of that available in FY22 and FY23. The program is currently projected to cost \$416 million in FY22.

The legislation also would create a new conservation program, run by USDA's Farm Service Agency, to pay farmers to grow cover cover crops, starting in FY22 and continuing through FY28. Producers would be eligible for payments of \$25 an acre; owners who don't operate the farm could get payments of \$5 an acre.

Maryland has had a similar incentive program for cover crops, but due to their cost, the payments had to be increased to well over \$25 an acre to get broad interest from farmers, said Ray Weil, a soil scientist at the University of Maryland. **A payment of \$45 an acre is "pretty much enough to get everybody interested," he said.**

The Democrats' amendment would also provide \$600 million for USDA quantifying carbon sequestration; \$200 million for conservation technical assistance and \$50 million for USDA's regional climate hubs. USDA also would receive \$100 million for administrative costs.

## **States decide whether to let USDA handle hemp**

Partially motivated by funding concerns, two prominent hemp-growing states recently decided to let the Department of Agriculture regulate hemp within their borders, and others are still in the process of deciding whether to hand over authority to USDA as the pilot programs authorized under the 2014 farm bill expire at the end of this year.

Four tribes and three states — Hawaii, Mississippi and New Hampshire — already have determined they will let USDA have the lead role, while most have plans that have either been approved or are under review. Nearly a dozen are undecided.

**Within the last month, Wisconsin and North Carolina have both said they will let USDA handle the duties of licensing and overseeing hemp production, which has raised questions over whether USDA will be able to handle the new responsibility.**

“USDA is going to have to administer a lot more individual licenses next year than they've had to,” says Rick Fox, co-chair of the government relations committee at the National Industrial Hemp Council. **“USDA says they have software in place and they're going to be ready. And I know they're doing their very best to get ready. But we'll just have to see.”**

Asked whether USDA is prepared to deal with applications from growers, a department spokesperson said the domestic hemp production program “is resourced to continue to process applications, review plans and provide guidance to all states, tribes and individual growers” and referred growers to the program's [website](#).

Growers in states without USDA-approved plans will have to apply for a hemp production license online with USDA. Wisconsin's DATCP said that benefits of a federally run program "include no licensing fees, the federal license is three years instead of annual, and it provides some flexibility utilizing private sampling and testing services."

Fox says in discussions with ag commissioners and directors at the recent National Association of State Departments of Agriculture meeting, a big concern was the cost of sampling and testing.

"Increased flexibility around growing the crops in general from a regulatory standpoint would be very helpful," Virginia Department of Agriculture and Consumer Services Commissioner Brad Copenhaver told *Agri-Pulse*, mentioning how sampling protocols could be revised to focus on hemp varieties more likely to exceed the legal THC threshold.



*Brad Copenhaver, Virginia Department of Agriculture and Consumer Services*

VDACS has submitted a plan to continue running its program, Copenhaver said. The state will continue to use licensing fees to help fund it and will probably have to require growers to pay the cost of sampling and testing.

**"In general, our growers prefer to deal with our state department of agriculture," Copenhaver said.**

North Carolina has about 600 licensed growers, down from around 1,500 a few years ago, said Phil Wilson, director of the plant industry division in the North Carolina Department of Agriculture and Consumer Services. Wisconsin has received 828 grower applications in 2021, down from 1,537 in 2020.

In both states, the legislature did not provide resources to continue with the programs. "Gov. Tony Evers' 2021-2023 budget proposal provided ongoing staffing resources to support the hemp program, but those resources were not included in the final version of the budget passed by the legislature," the Wisconsin Department of Agriculture, Trade and Consumer Protection said.

The program cost the state \$1.3 million to run, and its discontinuance will result in the loss of two positions, DATCP spokesperson Leeann Duwe said.

**Rob Richard, president of Wisconsin Hemp Alliance, said he did not think the transition to federal authority would make much difference for growers, except USDA says it won't be charging fees.**

"I don't there should be much concern over it," Richard said. The absence of fees "should make them happier," he said.

And in North Carolina, the legislature did not provide continued authorization beyond the pilot program, under which states have more flexibility to implement regulatory requirements, such as for sampling and testing.



*Eric Steenstra, Vote Hemp*

Funding the program through existing resources “probably did hamper some other work we need to be doing,” Wilson said.

But even in a state that is likely to submit a plan, the idea of running the program under current regulations is undesirable.

“We don’t want to be in a position where we’re condemning a crop that we’ve permitted somebody to grow,” says Cary Giguere, director of plant health and agriculture resource management for Vermont’s Agency of Agriculture, Food and Markets. “It’s not a place we want to be.”

He’s referring to the 0.3% federal limit for tetrahydrocannabinol, or THC, the psychoactive ingredient in marijuana, above which hemp is considered a controlled substance and must be disposed of. Alternatively, USDA’s final rule issued in January allows for certain remediation methods to get the THC limit below the acceptable threshold, and raised the negligence threshold from 0.5% to 1%.

Giguere was hoping Congress would extend the authorization for states to run pilot programs under the 2014 farm bill, but it is increasingly looking like that is not going to happen. No such language appeared in the continuing resolution that was passed by the House but rejected by the Senate.

“It looks like we’re out of time,” Giguere said.

“We feel confident that we could run a program if that THC level was 1%,” Giguere said. “And we’ve been collectively, both federally and in Vermont and other states, kicking that can down the road for a couple of years now.”

Legislation in Congress would raise the THC limit in industrial hemp to 1%, but as much as the growers, and the industry as a whole, would like to see that limit increased, they may have to wait until the farm bill is rewritten in 2023.

**“I think it’s probably coming in the next farm bill,” said Eric Steenstra, president of Vote Hemp. He said in discussions with congressional staff, he has not heard much enthusiasm for reopening the farm bill before then.**

For Giguere, overseeing a process that may result in ordering a farmer to destroy part of his or her crop doesn’t sit well.

“In all other instances, we’re working with a grower to make sure that their crop can make it to market,” he says. But a grower’s hemp could test above 0.3% even if the grower did everything right.

“If somebody buys legal seed, plants that seed, and the crop itself is not compliant, there’s nothing along that path that the farmer did to make that crop be condemned,” he said.

## **State ag leaders eye labor, commerce among top issues**

The National Association of State Departments of Agriculture set policy for the coming year at a recent gathering, where the organization put a priority on the flow of ag goods in the U.S. and overseas.

**Advocating for the free flow of interstate commerce, alleviation of ocean port backlogs, ag labor reform, and designating hemp as a specialty crop were among key issues NASDA addressed at last week's meeting in Louisville, Kentucky.**

The focus on interstate commerce concerns comes as pork producers across the country are bracing for implementation of California’s Proposition 12, which takes effect Jan. 1. The law requires hog farms to require 24 square feet of “usable floor space for breeding pigs.” Many sow barns currently provide about 16 to 20 square feet per animal.

NASDA adopted a policy that supports allowing states to regulate the production of animal products within their boundaries using the definition of the Agricultural Marketing Act of 1946.

“These statutes, regulations or policies must be constructed in such a way as to allow for the free flow of interstate trade that is afforded by the Commerce Clause of the Constitution of the United States of America,” the policy reads.

Iowa Secretary of Agriculture Mike Naig, vice chair of NASDA's marketing and international trade committee, said Prop 12 was the reason behind the policy change.

“A lot of times we think about trade barriers, and we think of international trade barriers and in a situation like a Proposition 12, you’re essentially starting to talk about trade barriers domestically,” Naig told *Agri-Pulse*.

Naig doesn't question whether a state can make rules for ag production within its borders, but he said it's inappropriate for states to impose regulations and policies on other states.



Iowa Ag Secretary Mike Naig

**California Food and Agriculture Secretary Karen Ross told *Agri-Pulse* California has tried to make it "as practical as possible" for states and others to offer certification programs in order to comply with the regulations.**

“Our regulations are about showing compliance, how to demonstrate compliance, and we've tried to make it as practical as possible for states and others to be able to offer ... certification programs,” Ross said. The regulations are about the traceback and having the documentation necessary, she said.

Iowa is the top hog-producing state in the country as well as the top exporter, with about 5,400 farms raising a total of 24 million pigs each year, according to the Iowa Pork Producers

Association. Only about 4% of the nation’s pork producers are currently in compliance with California’s Prop 12.

Ag directors also adopted a policy asking for immediate intervention and discussions with the Federal Maritime Commission to address the “unreasonable declining of U.S. exports,” said RJ Karney, public policy director for NASDA.

U.S. ag companies, specifically at California ports, have had a tough time exporting ag goods as exporters from China are paying premiums for empty containers to be returned rather than reloaded.

**“In the ports of Long Beach and Los Angeles, where an estimated 40% of U.S. exports depart, there has been an exorbitant amount of congestion,” Karney said.**



California Ag Secretary Karen Ross

On Sept. 13, ag and other groups sent a letter to Biden administration officials, including Secretary of Agriculture Tom Vilsack, urging officials to fix the ocean container shortage on the West Coast.

Ross said the Port of Long Beach and the Port of Los Angeles announced pilot programs last week to extend gate hours to address the “unfortunate new record of 70 ships waiting to offload.”

**“Doing that at the ports will not work unless warehousing and trucking and all the other elements of that supply chain align their hours (and) their shifts to be able to help address this backlog at the ports,” Ross added, arguing the only way to expand capacity at the ports is by extending hours.**

NASDA members also adopted policy supporting changes to the H-2A and H-2B temporary guestworker programs to include year-round workers in ag and forestry. The two programs currently allow migrant employees to come to the U.S. for seasonal agricultural work such as harvesting vegetables and fruit.

On Sept. 19, the Senate parliamentarian announced it would not permit immigration reform to be included in the Democrats' \$3.5 trillion reconciliation package, forcing congressional leaders to find another avenue.

“We’re going to have to get back to that bipartisan effort, and NASDA has already reached out to the lead sponsors for the Farm Workforce Modernization Act, which we support in the House, and we continue to support and look for those consensuses in the Senate,” Karney told reporters.

The bill passed the House in March but has not been considered in the Senate.

The group also adopted policy supporting the development of “emergency food supply networks” and “ensuring state agriculture departments can utilize new USDA funds as they become available to support their states’ communities,” NASDA said.

NASDA members are pushing USDA to expand its specialty crop block grant program to allow a dual designation of hemp as “both a specialty crop and an agronomic commodity depending on

its intended use." Barb Glenn, who retired as the organization's CEO at the convention, said the designation would provide more certainty to new farmers who want to grow hemp for "food, fiber, or horticulture use." Hemp is currently ineligible for the specialty crop program, according to USDA.

## **Farm-to-fashion offers local destination for California wool**

An environmentally-concerned fashion company and a fifth-generation rancher are the opposite end points on a short line that connects a luxury brand with sustainable agriculture.

The Los Angeles-based firm Co recently unveiled its Natural World "capsule" (which is a group of designs that isn't as robust as a full collection) featuring California-sourced wool mostly spun, woven and sewn by American businesses.

**Justin Kern, co-founder and creative director at Co, said some fashion companies have made claims of sustainability that lacked accountability and amounted to "a lot of gimmicks." As his 10-year-old company looked for ways to "actually make a difference and have an impact," they eventually landed on the idea of sourcing California fiber from farms and ranches using regenerative agricultural practices.**

Ryan Mahoney raises sheep in Solano County that he says produce a middle-grade of wool that is not terribly coarse but also has not typically been the provenance of the finest wool suits. Historically, his fleece would be aggregated with other farms' and eventually turned into clothing such as military uniforms, usually manufactured abroad.

The nonprofit Fibershed, which is dedicated to renewable fiber and dyes, connected the designer and the farmer.

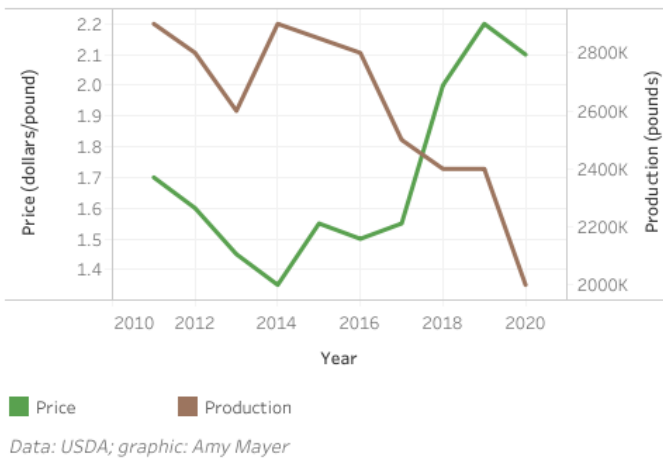
Kern said sourcing materials locally from farms that met certain sustainability metrics provided "an amazing opportunity" for Co to differentiate itself as a West Coast brand while also working toward its goals of making a difference in the world.

Mahoney, who credits Fibershed and also Imperial Yarn, an Oregon company that produces luxury yarn from American wool, with leading him to Co. He had to show how his operation was sequestering carbon and he says "the beautiful part" was that in compiling information for that plan, he discovered he wouldn't need to change the way he raises sheep at all. **"We're able to say we sequester carbon because we do," he said, using the stewardship practices passed down for generations in his family. Those include multispecies rotational grazing and a return to natural compost some time ago after years of using synthetic fertilizer.**



Ryan Mahoney, his workers and his sheep are featured in a film on Co's website that explores its commitment to "climate beneficial" wool. (credit: Paige Green Photography)

## California wool prices and production, 2011-2020



“The switch to the compost is probably one of the better things we’ve ever done for soil health,” Mahoney said. He has also worked with NRCS to maintain and improve natural frontage along a river. The direct connection from the farm to a clothing company gave Mahoney his first opportunity to see specific articles of clothing he knew had been made from his sheep’s fleece. “I love to see our wool make it to the final product.”

Mahoney now gets paid a premium for his wool, thanks to “what we’ve done for the last 140 years,” and that has been “really quite amazing and quite a blessing.” California’s wool production

has dropped from 2.9 million pounds in 2014 to 2 million pounds last year. Prices have been volatile. In 2014, a low-point in the past decade, a pound fetched \$1.35. The price then peaked at \$2.20 in 2019 and dropped a dime to \$2.10 last year, according to USDA. **Mahoney appreciates that Co is willing to pay for quality and sustainable agriculture and he also recognizes that the much shorter supply chain means there are fewer links plucking off part of the profit.**

**“They really do care about the farmers they’re working with,” Mahoney said of Imperial Yarn and Co.**

For Kern, working with farmers has expanded his understanding of clothing production. He said in an informational Zoom call, he got on the line and found 70 farmers and ranchers tuning in to “meet each other and talk about what we could do together.” He also visited Mahoney and hopped into the rancher’s pickup truck for a tour of the operation where he says he got to meet the workers and see the sheep. Being that close to the beginning of the textile making process was exciting and an “amazing way to get inspired again.”

Co’s Natural World clothing should be seen as a luxury good, Kern said, because each item “was handled thoughtfully every step of the way.” He says that may contrast with other fashion items with high price points that don’t put the same emphasis on sourcing raw materials as they do on other aspects of a product. To him, a consumer investing in a luxury product should be assured “that a level of extreme care that was taken at every step from not just the ad campaign and the design but all the way back to the soil and the animal that this came from.”



Co’s Natural World collection features clothing made from California wool. (courtesy of Co)

As luxury goods, the clothes are meant to last a long time.

“I was pretty surprised when I clicked on the Instagram link,” Mahoney said, and saw the prices. The “Oversized Boxy Raglan Sweater in Climate Beneficial Wool,” which Kern identified as his personal favorite, sells for \$950 on the Co website.

Mahoney said he did pause, upon seeing the prices, to consider what Fibershed founder Rebecca Burgess says in a promotional film Co has on its website, which also features Mahoney and his ranch. Burgess said her goal is to make fashion less about consumption. “You’re collecting pieces that matter, and have meaning,” she said, “and you wear them for a long time.”



Items in Co's sustainable wool collection are meant to last a long time. (courtesy of Co)

That won't immediately make it possible for many people to drop a thousand dollars on a pair of wool trousers, but Kern said the high-end brands are “where trends start” and they can set an example. He likens it to the advent of organic and other specialty foods that once were available to elite diners at expensive restaurants but now are much more widely produced, which has brought down the price. Today, a broad swath of the public can prepare an organic chicken at home if they want to.

With sustainable food, “people have started to expect it,” Kern said. “They’ve been educated about what that means.” Big box grocers now have organic produce available in bulk. The same kind of trickle-down impact could happen for sustainable clothing production, he said.

With sustainable food, “people have started to expect it,” Kern said. “They’ve been educated about what that means.” Big box grocers now have organic

Mahoney said since he doesn't think twice about paying the cost of a meal in a nice restaurant, he may have to think differently about how much he invests in a new pair of jeans. For now, knowing exactly where his fleece gets spun into yarn allowed Mahoney to give his grandfather, with whom he first started ranching, a special present for his 92<sup>nd</sup> birthday.

**“I was able to give him a throw blanket made 100% of our wool.”**

## **DPR finds insecticide residue in wells, begins review process**

The Department of Pesticide Regulation (DPR) has begun the formal review process of the pesticide imidacloprid and products containing it. The action, required under the Pesticide Contamination Prevention Act, comes after residue levels were detected above approved limits in 15 wells from 2014-2020.

In all of the incidents, use of the insecticide was determined to be for legal agricultural purposes. The wells with findings above the limit were in Fresno, Santa Barbara, and Tulare counties and the review process will determine whether imidacloprid poses a threat to groundwater or drinking water.

Imidacloprid is an insecticide used to control sucking insects, termites, some soil insects, and fleas on pets. It has been used in products sold in the



Pesticides being sprayed on a crop field.



United States since 1994, according to the National Pesticide Information Center.

DPR notified imidacloprid registrants that they can request a hearing to “determine if the legal use of imidacloprid has polluted or threatens to pollute California’s groundwater,” if they wish to maintain their registration. The deadline to request a hearing is Oct. 25 and DPR said it has begun receiving requests but did not disclose from which registrants. The hearing must be held within 180 days of that deadline, before a three-person subcommittee of the Pesticide Registration and Evaluation Committee.

After the hearing, the subcommittee will provide a recommendation to DPR’s director, which could be one of three things, according to a DPR spokesperson: “continued agricultural use allowed without additional restriction, based on finding of no potential to pollute; continued agricultural use allowed with additional restrictions to address pollution potential; or, ag use of the pesticide is prohibited.”

The DPR director will then have 30 days to make a final decision.

Of the 253 pesticide products containing imidacloprid, DPR identified 125 whose agricultural uses make them subject to this inquiry, including 35 registered by Bayer, 12 by Nufarm and 10 by Loveland Products.

## **News Briefs:**

**Vilsack to join virtual CSU Monterey Bay program.** The nation’s top ag official will participate in a “Fireside Chat” with a former central coast congressman as part of a CSU Monterey Bay webinar introducing students to programs and jobs at USDA. “Your Future in Agriculture: A Conversation with US Department of Agriculture Secretary Tom Vilsack,” on Oct. 4, is also open to members of the public. Sam Farr, a Democrat who represented California’s central coast in Congress from 1993-2017, will host a conversation with Vilsack about careers in agriculture, including at USDA. Then, a panel discussion featuring the region’s current representative, Jimmy Panetta, will introduce three other USDA officials who will “share some of the specific work of the agency with an emphasis on jobs,” according to a CSUMB statement. Juan Manuel Alvarez of the Office of Partnerships & Public Engagement, Jesus Mendoza, Jr., western region administrator for the Food and Nutrition Service and Spiro Stefanou, administrator of the Economic Research Service, are slated to participate. The program offers students and others a chance “to hear from Secretary Vilsack himself and from leaders from USDA on the future of the industry, the challenges ahead and the policies they expect to shape our conversations over the next several years,” the statement said. The Grower Shipper Association Foundation is collaborating with the CSUMB College of Business and College of Science for the event.

**Oregon Commission fines California winery over labeling.** The Oregon Liquor and Cannabis Commission imposed one of the largest alcohol fines in the agency’s history against a California winery over labeling of Pinot Noir wine made with Oregon grapes. The OLCC alleged that the Copper Cane Winery, located in Rutherford, California, imported wine into Oregon under Copper Cane’s Certificate of Approval (CERA) privileges, but misrepresented the source of the grapes. OLCC also alleged that wine labels and marketing display materials improperly referenced specific American Viticultural Areas (AVAs) within the State of Oregon and stated that the grapes were from the Oregon Coast or the coastal area. Under Oregon’s labeling laws, wines must contain 95% of grapes from a particular AVA and be finished in that region in order

to include the region's name on the label or marketing materials. Copper Cane's Elouan wines are made from Oregon grapes, however, they are produced in California. Copper Cane opted to settle the charges, but the winery didn't admit to the allegations or accept responsibility for mislabeling their products. The winery agreed to pay the \$50,000 fine and abide by all wine labeling standards going forward.

**Food Corps report examines impact of free school meals.** A new report says universal free school meals, launched at the start of the pandemic in March 2020 and extended through the current school year, improved collaborations between school nutrition departments and district leaders and increased student participation in many locations. Those are among the findings in Nourishing Learners: A Report on School Meals and Education During COVID-19, which Food Corps published this week. "Some school districts were really able to increase participation" in meals programs, said Laura Hatch, senior director of policy and partnerships at Food Corps, a nonprofit that works at the intersection of education and school nutrition. The initial emergency of the pandemic led to fast, creative problem-solving, Hatch said, and "school nutrition directors had a seat at the table" that historically they had not always had. COVID adaptations that sometimes required packaging individual meals meant "meal quality, along with packaging sustainability, was forced to take a significant step backwards," the report found. But when students began returning to in-person learning, Hatch said pandemic accommodations led to some silver linings such as longer lunch periods and breakfast in the classroom, which some districts hope to continue. Moving forward, Food Corps supports provisions in the Build Back Better Act that will improve school nutrition programs. Hatch said those include broadening the community eligibility for free school meals, funding kitchen upgrades so schools can do more from-scratch cooking and additional nutrition education, which Hatch said could include developing "more culturally relevant menus." The pandemic shook things up, Hatch said, and "it's kind of broken the mold in terms of what we can't do," potentially paving the way for lasting change.

**NRCS funding will help protect salmon in the Shasta River.** A private-lands project that aims to improve conditions for threatened coho salmon in California is getting an \$8 million boost from the Regional Conservation Partnership Program (RCPP). RCPP, a program of USDA's Natural Resources Conservation Service, is offering Alternative Funding Arrangements (AFA) for projects with private partners that "focus on climate-smart agriculture and forestry and other conservation priorities," according to an NRCS statement. Another goal is to increase access for historically disadvantaged farmers and ranchers. The National Fish and Wildlife Foundation plans to work in the Shasta Valley to improve fish drought resilience. "The partnership with National Fish and Wildlife Foundation will support the implementation of a Safe Harbor Agreement designed to improve conditions for threatened coho salmon along 37 stream miles within the Shasta River, a tributary to the Klamath River," said Carlos Suarez, state conservationist for California, in the statement. Fish in the Klamath have struggled during low-water years, especially in the current drought conditions, though water allocations for wildlife remain controversial in a region where farmers are also struggling to stay in business without adequate water. The Shasta project was one of 15 announced last week. All told, the projects will receive \$75 million. "The AFA component of RCPP is designed for partners who are thinking outside of the box to address some of our most pressing natural resource challenges," said Terry Cosby, NRCS chief, in a separate news release.

**Pesticides coming up for renewal in European Union.** Eighteen pesticides have deadlines coming up in the European Union for companies to submit applications for renewed regulatory approval, USDA's Foreign Agricultural Service said in its latest update on plant protection

products (PPPs) in the EU. “PPPs, along with Maximum Residue Levels and import tolerances, are an increasingly important issue in the European Union since there is a significant reduction in the number of active substances approved for use,” FAS said in its report. In addition to the application deadlines, the update includes a list of chemicals which the European Commission — the EU’s governing body — has proposed for nonrenewal or restricted renewal. Those chemicals include abamectin; benfluralin; bifenazatel; cypermethrin; indoxacarb; phenmedipham; phosmet; penflufen; sulfoxaflor; and *pythium oligrandum M*.

## Farm Hands West: Blue Diamond Growers taps LaVallee as new COO

Blue Diamond Growers has named **Dean LaVallee** as its new chief operating officer in addition to his current role of chief financial officer. **Laura Gerhard** was promoted to vice president of the company. Gerhard began her career with Blue Diamond Growers in 2017 as director, strategy and planning with global ingredients. She added responsibility for Global Ingredient Division Marketing in 2020. **Bill Morecraft** has announced his retirement at the end of this year after 35 years of service. Morecraft joined Blue Diamond Growers in 1986 working in finance, production planning, and sales planning.

**Jonah Reardon** has joined the sales team at Homegrown Organic Farms as the company’s category manager in the citrus and grape section. He brings 20 years of sales experience to the position, most recently managing sales for Progressive Produce.



Barbara O'Brien

Dairy Management Inc., the dairy checkoff program, has announced Tom Gallagher has decided to step down from the helm after 30 years of serving as CEO. Barbara O'Brien, president of DMI and CEO of the Innovation Center for U.S. Dairy, has been named by DMI’s board of directors as the next CEO.

**President Joe Biden** has announced the individuals he has tapped to serve on his Council of Advisers on Science and Technology. Among those selected is **Catherine Woteki**. She is an agriculture and food scientist and nutritionist who served at USDA as the chief scientist and undersecretary for research, education, and economics during the Obama administration. She also served as USDA’s first undersecretary of food safety. She is a visiting distinguished institute professor in the Biocomplexity Institute at the University of Virginia and is also a professor of food science and human nutrition at Iowa State University.

The Senate has confirmed the nominations of **Jayne White** and **Sarah Bianchi** to serve as deputy United States Trade Representatives. White brings 20 years of trade experience to the position. He previously worked for Senate Finance Committee Chairman Ron Wyden as chief trade adviser since 2014. Bianchi most recently worked as senior managing director to Evercore ISI. She also served as the chair of the advisory board for the Biden Institute.

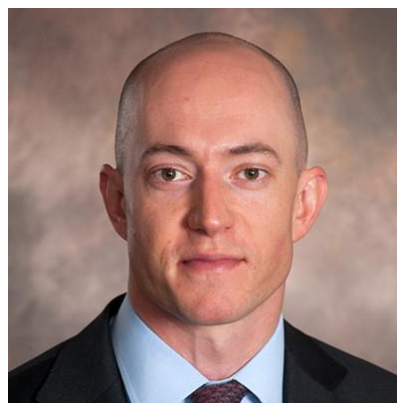
The Farm Credit Administration has announced new staff leadership. **Sara Lynn Major** is moving to the new role of FCA chief diversity officer in the Office of Equal Employment Opportunity and Inclusion. **Autumn Agans** will become the deputy director for the Office of Regulatory Policy. **Dan Fennewald** will be the deputy director for the Office of the Director and

chief examiner in the Office of Examination, and **Ward Griffin** will be the deputy general counsel in the Office of the General Counsel.

The Federal Communications Commission has announced senior staff changes to the Office of Managing Director and the Office of Communications Business Opportunities. **Sanford Williams** is now the deputy managing director in the Office of Managing Director. **Joy Ragsdale**, currently field counsel in the agency's Enforcement Bureau, will lead the Office of Communications Business Opportunities as the new director. Williams previously served as the director of the Office of Communications Business Opportunities. Williams will also continue to serve as a special adviser to Acting Chairwoman **Jessica Rosenworcel** with a focus on agency efforts.

Former U.S. Trade Representative **Robert Lighthizer** has joined the recently formed research group America First Policy Institute. He will be the chairman of the Center for American Trade.

**Ethan Mathews** now serves as the director of regulatory and government affairs at Wilbur-Ellis Holdings. Mathews previously worked at CropLife America as senior director of government relations. Before joining CropLife, Mathews worked at the National Corn Growers Association.



Ethan Mathews

**Jake Westlin** has been promoted to vice president of policy communications at the National Association of Wheat Growers. He previously was the government relations representative. Before joining NAWG, Westlin was a legislative correspondent and aide to former Sen. **Heidi Heitkamp**, D-N.D.

**Tres Bailey** has left Walmart, where he was the senior director of federal government affairs focusing on food, agriculture, supply chain, and trade issues for 16 years. He has accepted a new position with Ecolab as the vice president of federal government relations.

**Scott Heisel** has been tapped as the new president of the American Malting Barley Association, effective Oct. 1. He succeeds **Mike Davis**, who will become a senior adviser. **Ashley McFarland** has been hired to fill Heisel's former role as vice president-technical director. She comes to AMBA from Michigan State University's Upper Peninsula Research and Extension Center, where she served as the director and managed a diverse research portfolio spanning multiple agricultural sectors.

**Leah Beyer** has accepted a new position with Taranis as vice president of marketing. Beyer previously worked for Elanco Animal Health as the senior director of digital communications.

America's Cultivation Corridor has hired **Tracy Uhlman** as senior director of strategy and project management. Uhlman previously worked 18 years at John Deere in a variety of management and leadership roles.

The National Association of State Departments of Agriculture elected a new slate of officers at its annual meeting. New York Agriculture Commissioner **Richard Ball** was elected as the new president. Other officers include: Wyoming Director of Agriculture **Doug Miyamoto** as vice president; Indiana Director of Agriculture **Bruce Kettler** as second vice president, and Arkansas Secretary of Agriculture **Wes Ward** as secretary-treasurer. Kentucky Commissioner of

Agriculture **Ryan Quarles** will serve as NASDA's past president, and Oklahoma Secretary of Agriculture **Blayne Arthur** will serve in an at-large position.

**Kelly Keithly** suddenly passed away on Sept. 20 from a heart attack. Keithly, 76, was the founder of Keithly-Williams Seeds. He was known for his work ethic, generosity, intelligence, and loving heart. Services honoring Keithly will be on Saturday, Oct. 2, at Christ Lutheran Church in Yuma, Arizona, at 10:30 am. In lieu of flowers, the family suggests donations be made to Christ Lutheran Church, Yuma Lutheran School or Lutheran Hour Ministries.

**Jean-Mari Peltier**, former president and CEO of the National Council of Farmer Cooperatives, has passed away. In 2008, Peltier left NCFC to head back to her home state of California and become the president of the National Grape and Wine Initiative. She most recently served as a managing partner for the Environmental Solutions Group. Peltier was a passionate champion of farmer co-ops and their farmer-owners.

**Best regards,**

**Sara Wyant**  
**Editor**

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