

Q4 / 2020

Idaho Dairymen's Association

IDAHO DAIRY FOCUS

*Protecting Idaho's dairy industry
through environmental, legal, and
legislative efforts since 1924.*

CONTENTS

Q4 NEWSLETTER 2020

03	Against All Odds <i>Rick Naerebout / IDA</i>
05	Federal Dairy Issues Update <i>Charlie Garrison / IDA</i>
08	Arie Roeloffs, Director Profile <i>Taylor Walker / IDA</i>
10	Informational Sessions & Biosecurity Among New FARM Resource Focus <i>Leighona Bernstein / NMPF</i>
12	Items to Consider When Talking to Digester Companies, Part 2 <i>Tom Haren / AGPROfessionals</i>
16	Tailgate Talks: Safety Simplified <i>Ellissa Clark / IDA Consulting</i>
18	Idaho Dairy Industry PAC Aims to Build Strong Coalition of Dairy-Minded Legislators <i>David Claiborne / Sawtooth Law, Bob Naerebout / IDA</i>
20	Washington Manure Systems Tours <i>Tanya Oldham / IDA Consulting</i>
26	Dairy Margins Nearly as Volatile as Milk Prices in 2020 <i>Cole Lickley / StoneX</i>
30	Idaho AgBiz: Our Tools, Your Success <i>Carly Schoepflin / University of Idaho</i>
33	Planning for the Center for Agriculture, Food and the Environment (CAFE) Research Dairy Hit Full Stride in Recent Months <i>Bill Loftus / University of Idaho</i>
34	Sustainability is Accessible, Profitable for Farmers <i>Karen Scanlon / Dairy Management, Inc.</i>

Photos

Kady Hurlock

Tanya Oldham

Taylor Walker

Design & Layout

Kady Hurlock

Print

Five Fish Press

AGAINST ALL ODDS

RICK NAEREBOUT / CEO, IDAHO DAIRYMEN'S ASSOCIATION

Seems like an appropriate title for an article looking back at 2020. The numbers will show that 2020 was a record year for Idaho's dairy industry, in both milk production and total milk receipts. Had you asked me in April if we expected to set records this year, I would have told you, 'absolutely, we will be losing a record amount of money and dairymen this year!' Those of us in the industry know this year was anything but an easy year.

We came into 2020 with a decent tailwind. The House of Representatives had passed their first immigration reform legislation since the Reagan era, and there was legitimate hope the Senate would take up similar legislation. Financially, 2020 was also shaping up to be a good milk price year. Industry experts were all predicting healthy prices and the industry was filled with optimism.

Then the other shoe dropped, and we all got a crash course in COVID and all the confusion that came along with it. Our healthy milk prices quickly dropped to near record lows and it began to look like 2020 would rival the economic downturn we had experienced in the aftermath of 2009. The opportunities we saw to have the Senate take up immigration reform were quickly replaced with conversation about COVID relief packages and there was no room for discussion about reforming our broken immigration system. One does have to appreciate the irony that so many 'essential workers' were here without status and needed to keep everyday operations of agriculture, health care, and so many other industries afloat. These are still jobs our domestic workforce will not take—pandemic or not. Congress acted quickly on relief bills, and we saw those

benefits within the industry. There was direct assistance for agriculture and other businesses so operations could continue during such uncertain times. Thanks to the efforts of Senator Risch and Idaho's other congressional delegation members, those relief packages were right sized to better reflect the losses of our larger agricultural operations in Idaho. The most impactful benefit came in the form of the Food Box Program administered by USDA. This program was a win-win. Families finding themselves in need of food saw that need filled, and agricultural producers realized an increase in demand with the USDA purchases. For dairy, the cheese purchases were the most impactful and that greatly benefitted Idaho, where the majority of our milk is converted into cheese.

We saw our cheese markets turn around in response to the Food Box Program, combined with production limitations that were put in place around the country to try and bring supply and demand back into balance. Cheese prices were at near historic lows going into the spring months and dairymen were hemorrhaging equity at an alarmingly unsustainable rate. By mid-summer, we were setting all time highs in cheese prices. Market observers suffered from whiplash and dairymen were struggling to know what to do in their milk sales strategies. Do you hedge a market like this, or do you ride it out in the cash market so you can realize the high prices available? The philosophies offered were pretty much equal in quantity to the number of dairymen and industry experts you talked with.

Looking closer at Idaho's milk prices, there was not parity in milk revenue across all Idaho

dairymen. Not even close. Depending on who you were selling your milk to and what they were processing your milk into, there were drastic differences in the mailbox prices received. Certainly, most Idaho dairymen received very healthy prices, as the overall averages reflect. USDA NASS All Milk Price reports show Idaho outpacing the overall U.S. All Milk Price through the first 10 months of 2020. That is something that has not happened in recent history, so it is no small development. However, there were some Idaho dairymen that saw 2020 as a recovery year at best, not the record breaking year others realized. Again, it all depending on who you were selling to and what dairy products they made and sold.

So how do we see 2021 from our perspective at IDA? First and foremost, we are trying to anticipate our members' needs and position our staff to be as helpful as possible. Starting with immigration reform, we remain optimistic. Congressman Simpson has already been in talks with Congresswoman Lofgren about

2020 was a record year for Idaho's dairy industry, in both milk production and total milk receipt

the reintroduction of the Farm Workforce Modernization Act early in the new congress. Both are committed to working across the aisle to find bipartisan solutions to our broken immigration system. Surely there will be twists and turns along this political path, but the commitments from Congressman Simpson and his staff are as strong as ever.

Milk prices are projected to be around break evens, if not a bit below. We all know the cure to high prices is the ensuing increase to production those prices stimulate. Our year-to-date increase in Idaho is over 4% (per IDA assessments paid) and we have added 28,000 cows to the state's herd (per ISDA reporting) since February. Altogether, we are producing nearly 2 million more pounds of milk today than we were last December! Yes, there are base programs in place for most milk handlers, but even with that headwind, the production increases continue to show up, not to mention the increases in milk solids per cwt milk handlers are reporting. IDA continues to work with Business Plus, SIED, the Department of Commerce, and the Department of Agriculture to try and attract new processing to the state. The most we can share on this front is that there is some 'tire kicking' going on, but nothing more solid than that at this point.

Our hats are off to the dairymen-funded expansions that have occurred this past year! Magic Valley Quality Milk Producers and Idaho Milk Products have both made significant investments in their facilities. Those expansions are making it possible to accommodate much of the production increases we are seeing. High Desert Milk is in the midst of a plant expansion in their Burley facility as well. Without the reinvestment into their processing facilities by these dairy families, Idaho would be in a much worse position when it comes to our oversupplied market.

Turning to our focus on worker safety, we do anticipate OSHA coming out with a new Local Emphasis Program (LEP) regulation focused on all of Idaho agriculture this coming year. This was a regulation that was near completion at the end of the Obama administration,

Altogether, Idaho dairy farmers are producing nearly 2 million more pounds of milk today than they were last December

and we expect it will be picked up by the Biden administration.

Ellissa Clark & Kady Hurlock from our staff have created new training resources for Idaho dairymen that will address the 12 key areas of dairy safety OSHA focusses on called the Dairy Dozen. They have created 19 Tailgate Talks designed for dairy owners and managers to deliver, surrounding the Dairy Dozen topics. We have also been able to partner with Dairy West to provide a Tailgate Talk kit to every dairyman in Idaho and Utah for free! Those should be arriving at dairies in January and February of this coming year. See Ellissa's article on page 16 for more information.

There never seems to be a shortage of topics on the environmental front. IDA continues to stay proactive in the arena and we have two very talented staff members—Megan Satterwhite and Tanya Oldham—that are great resources available for dairymen to utilize. They have worked with dozens of dairymen this past year to rewrite nutrient management plans, obtain lagoon construction approvals, and work through other environmentally related challenges.

Megan and Tanya also serve as inhouse expertise for IDA. They are invaluable when it comes to helping us navigate environmental policy

issues and work very closely with the USDA Ag Research Service and University of Idaho researchers on studies IDA and IDEAL funds. They have been particularly helpful in assisting our understanding of the Net Zero Initiative the industry has committed to. Through the Innovation Center for U.S. Dairy, we are working to reach Net Zero by 2050.

See page 34 for more information on the Innovation Center and Net Zero.

Net Zero is no small commitment, and western dairies will have some unique challenges in reaching it. IDA is well positioned to be an active part of the decision making processes surrounding this Initiative. We have been funding greenhouse gas emissions research for nearly two decades and have some of the best data sets in the country. That historical work, and the ongoing studies we continue to fund, will be invaluable in helping Idaho dairymen navigate the challenges of achieving Net Zero.

IDA's investment and partnership with the University of Idaho in the CAFÉ Research Dairy will also play a key role in the sustainability of Idaho's dairy industry. Facility design is well underway, and we hope to be moving dirt this coming summer. This facility will have a key focus on environmental research and serve as a clearinghouse in testing emerging manure management technologies. We are excited to see the progress of the project and look forward to sharing more information as it moves along.

More information on CAFE can be found on page 33.

We never seem have any shortages of challenges within our industry. Please know that we work hard at IDA to do our best in supporting the industry as we meet these challenges. □

rick naerebout □ **rick@idahodairymens.org** □ **208.308.3383**

FEDERAL DAIRY ISSUES UPDATE

CHARLIE GARRISON / LOBBYIST, IDAHO DAIRYMEN'S ASSOCIATION

ELECTION RESULTS WILL BRING CHANGE TO ISSUES AFFECTING THE DAIRY INDUSTRY

It's been more than a month since the 2020 general election and the results are nearly complete. There are three races for the U.S. House of Representatives that have yet to be called and the two Senate seats in Georgia will be decided in a January 5th runoff. Still, it is already apparent that the change in the administration as well as some new leaders in agriculture policy for the next Congress present both opportunities and challenges to the U.S. dairy industry.

President-elect Joe Biden and incoming Vice President Kamala Harris have started announcing the names of those they intend to nominate for cabinet and top White House positions. Former Agriculture Secretary Tom Vilsack will be nominated to return to the top job at USDA in the new administration. He served as Secretary for all eight years of the Obama presidency and has been President and CEO of the U.S. Dairy Export Council since leaving office. Secretary Vilsack has extensive experience with dairy policy having led the Department in the aftermath of the financial crisis of 2008–2009 and through the major re-tooling of the dairy producer economic safety net in the 2012 Farm Bill.

The nominee for U.S. Trade Representative will be Katherine Tai. She reportedly has strong experience in enforcing provisions of our trade agreement with China and in advocating for stronger worker and environmental protections in the U.S.-Mexico-Canada Agreement (USMCA). She currently serves as the lead trade lawyer for the House Ways and

Means Committee, the panel with jurisdiction over international trade agreements.

Idaho Senator Jim Risch (R) handily won reelection to a third term in November. He is expected to continue in his role as the top Republican on the Senate Foreign Relations Committee. Senator Mike Crapo (R) was not up for reelection this cycle. He is expected to assume the top post on the Finance Committee after Iowa Senator Chuck Grassley (R) returns to the leadership spot on the Judiciary Committee. The Finance Committee has jurisdiction over trade issues in the Senate so Senator Crapo will play a lead role on that very important topic for the Idaho dairy industry.

Congressman Russ Fulcher (R) easily won a second term and Congressman Mike Simpson (R) handily won a 12th term. Congressman Fulcher serves on the Education and Labor Committee which oversees school feeding programs and the Natural Resources Committee which has jurisdiction over many programs affecting the Idaho economy in general and agriculture specifically. Congressman Simpson is expected to continue serving on the Appropriations Committee which originates annual spending plans for all the federal government agencies.

The House Agriculture Committee gets new leaders from both parties in the new Congress. Representative David Scott (D-GA) will chair the committee. Representative Glenn "GT" Thompson (R-PA) will be the Ranking Republican. Congressman Scott has a mostly urban district outside Atlanta, Georgia. He has considerable experience on the Agriculture Committee and has chaired the Subcommittee responsible for dairy policy in the past. Ranking Member Thompson has

a rural north central Pennsylvania district in a state where dairy dominates the agricultural economy. He was one of the 34 Republicans who joined with Mike Simpson and Russ Fulcher in voting for the Farm Workforce Modernization Act Ag visa reform bill when it passed the House of Representatives a year ago. Representative Scott supported that bill as well.

On the Senate side, Agriculture Committee chairman Pat Roberts (R-KS) is retiring. He will be replaced by John Boozman (R-AR) as the top Republican on the Committee. Senator Debbie Stabenow (D-MI), who has chaired the committee in the past, will be the only one of the four leaders on the Agriculture Committees who will not be new to their roles in 2021.

In the news at the USDA, signup for Dairy Margin Coverage (DNC) for calendar year 2021 ended on December 11th. Final figures aren't in yet but it is apparent that participation was surprisingly disappointing given the tumultuous financial year farmers had in 2020.

Signup is also complete for the second round of the Coronavirus Food Assistance Program (CFAP 2) and payments are expected to be in participating producers' bank accounts by year's end. The Idaho congressional delegation worked very hard to convince the USDA that the program should be structured to compensate for losses actually incurred on dairy operations as a result of the uncertainty in dairy markets created by the attempts to slow the spread of the coronavirus. Those efforts were successful and IDA thanks Representatives Mike Simpson and Russ Fulcher and Senators Mike Crapo and Jim Risch and their staff for the work they did on your behalf.

The Congress continues work on another round of coronavirus relief legislation but an agreement has remained elusive up to this point. Various proposals floated are said to provide between \$20 billion and \$26 billion for agricultural producers and nutrition assistance. Those funds would be provided to the Secretary of Agriculture to determine how best they could be used to help both farmers and members of the public who are struggling to put food on the table.

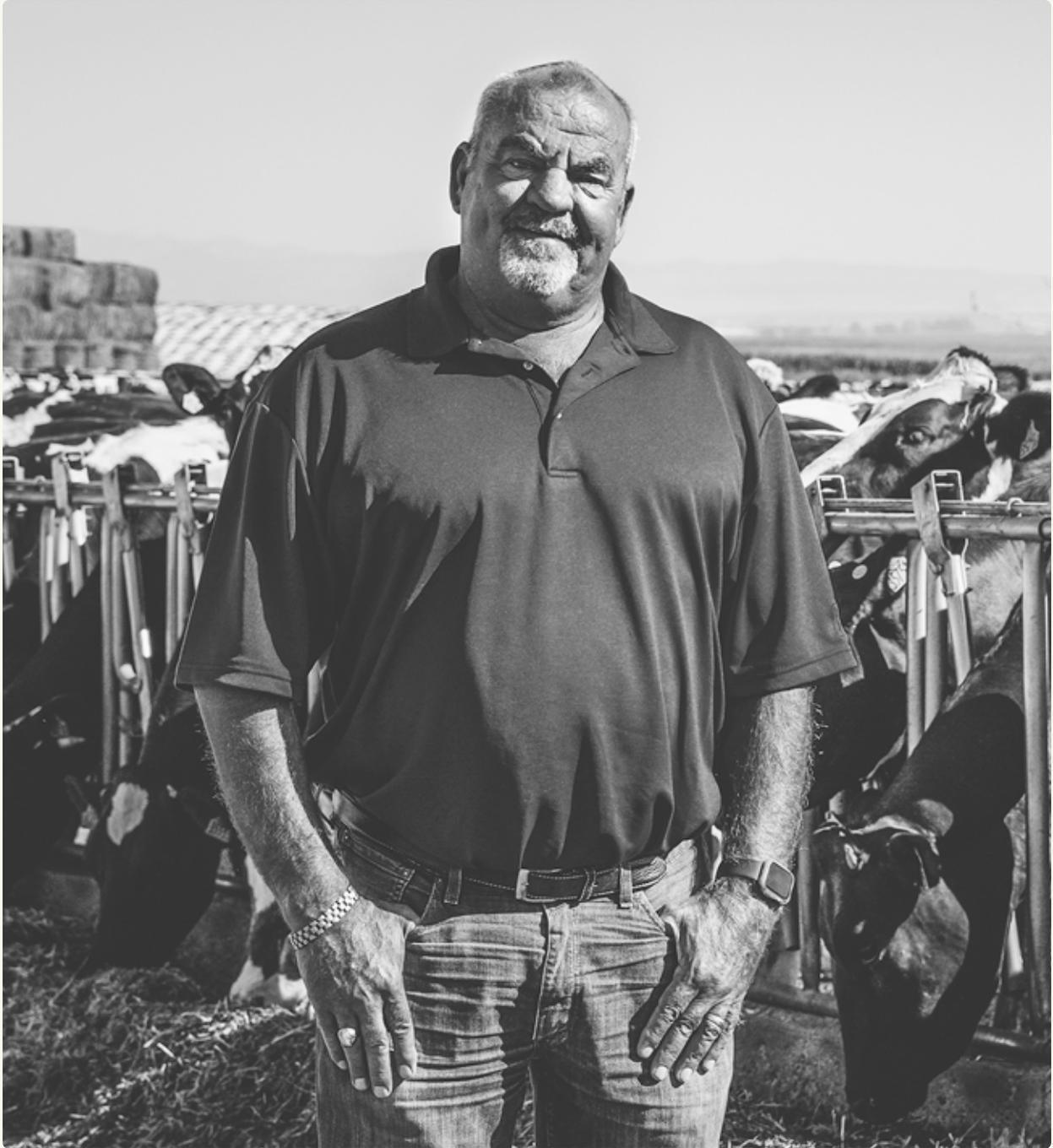
INTERNATIONAL TRADE

IDA looks forward to working with the incoming administration on international trade agreements that allow U.S. dairy products to compete on a level playing field in foreign markets. Idaho producers have made a significant investment in developing foreign markets through their promotion and research checkoff-led efforts and that investment must be protected with trade agreements that are fair, transparent, and effectively enforced.

As stated earlier, Senator Crapo is set to lead the committee in charge of trade issues in the United States Senate. One of the first issues the Senate Finance Committee will deal with is the reauthorization of Trade Promotion Authority (TPA) which allows the negotiation of trade agreements that are then presented to Congress for an up-or-down vote. That authority is seen as necessary for each administration, regardless of party, to have in order to be able to negotiate agreements that our trading partners know will remain intact through the debate in Congress. IDA looks forward to working with Senator Crapo and his staff on the trade issues that are so critical to the economic success of the Idaho dairy industry.

IMMIGRATION REFORM

President-elect Biden said several times during the campaign that immigration reform is an issue he plans to take on early in his administration. He specifically cited the goal of providing legal status for the approximately 12 million people currently in the country without proper documentation. That would presumably include the farmworkers and family members on dairy farms all across the country. IDA will continue its national leadership role in trying to bring enough people together so that legislation for legal status for current workers and their families and a workable visa program for temporary workers in the future can pass the Congress and be signed into law. □



ARIE ROELOFFS

TAYLOR WALKER / IDAHO DAIRYMEN'S ASSOCIATION

When Arie Roeloffs found himself in the hospital with an irregular heartbeat, he thought it might be the end. When a blood clot blocked an artery in his lungs, he began thanking God for the blessed life he'd lived. In the intensive care unit, he prepared to say goodbye, but things weren't over for Arie.

"I should be gone, but I'm here," he said. "I got through it and I'm enjoying life to the fullest."

Making the most out of life is a trait passed down through generations in Arie's family. In the early 1950s, his grandparents immigrated to the United States from Holland with \$36 in their pocket and a dozen mouths to feed. The family purchased a dairy in California with just

Owning a dairy farm is the ultimate opportunity to enjoy what I do, and I thank God every day for allowing me to do it

under 20 cows; an operation that has now grown to more than 350,000 total heads of cattle on family dairies across the country, including South Dakota, Iowa, Michigan, California, Colorado and Idaho.

Here in Idaho, Arie and his son-in-law Jordan Jarvis own Riverbend Dairy in Wendell, while he and his sons-in-law Jerome Vander Poel and Brandon Hebener own Desert View Dairy in Castleford. Combined, these Idaho dairies are home to approximately 7,500 cows and 80 employees.

A dairyman since the 1980s, Arie is now comfortable relinquishing some responsibility to the next generation of capable dairymen in his family, giving him the opportunity to slow down and dedicate more time to flying, hunting big game and waterfowl, and spending time with his grandchildren.

As a three-term IDA board member and a multi-decade dairyman, Arie is well aware that although the flexibility and access to a wholesome family life while running a dairy is rewarding, management of a dairy operation isn't always easy. From physical labor to cow comfort and workforce to milk prices, the dairy industry is fickle.

"The ups and downs of the industry and the financial strains are like a rollercoaster," he said. "One day you're doing great and the next day you're knocked down. When this industry is tough, it's really tough, and it's hard to watch the dairies around you struggle, too."

Those struggles have impacts far beyond the fields and fences of Idaho dairies. When dairy doesn't do well, the entire region tends to suffer.

"Dairymen bring a lot of jobs to Idaho and we're a driving force for the economy, especially in the Magic Valley," said Arie. "That's something car dealerships, farmers, and everyone around us can agree on."

Regardless of the ebbs and flows of the industry, Arie remains positive and emphasizes the importance of rolling with the punches.

"No matter what comes at you in a given day, dairying in Idaho is a great life," he said. "It's the ultimate opportunity to enjoy what you do, and I thank God every day for allowing me to do it." □

INFORMATIONAL SESSIONS & BIOSECURITY AMONG NEW FARM RESOURCE FOCUS

LEIGHONA BERNSTEIN / DIRECTOR OF COMMUNICATIONS,
THE NATIONAL DAIRY FARM PROGRAM, NMPF

NMPF AWARDED USDA GRANT TO ADVANCE ON-FARM BIOSECURITY THROUGH FARM PROGRAM

The National Milk Producers Federation was awarded **funding** from the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) to develop and improve biosecurity on U.S. dairy farms.

NMPF will use the grant to implement and coordinate the **Secure Milk Supply** plan and develop a biosecurity program area through the National Dairy FARM Program (FARM). The FARM Animal Care program places an emphasis on biosecurity as a key element of dairy herd health and the grant funding will allow for further prioritization.

"The dairy industry has partnered with USDA for more than a decade on the Secure Milk Supply Plan. With this new funding, we are

We applaud USDA's work to enhance the prevention, preparedness, detection, and response to animal diseases that threaten the viability of U.S. dairy farms

eager to continue and expand our work on biosecurity through integration with FARM," said Jim Mulhern, president and CEO of NMPF. "We applaud USDA's work to enhance the prevention, preparedness, detection, and

response to animal diseases that threaten the viability of U.S. dairy farms."

The grant is funded by the 2018 Farm Bill as part of an overall strategy to help prevent animal pests and diseases from entering the U.S. and reduce the spread and impact of potential disease incursions through advance planning and preparedness.

FARM TO CONTINUE QUICK CONVOS SERIES

On December 16, The National Dairy FARM Program will host a "Quick Convo" on the **Environmental Stewardship** program area. This series of online informational sessions began in November and feature FARM staff and industry stakeholders discussing program expectations and available resources in a quick, 30-minute conversation.

Streamed on Zoom and Facebook Live, these sessions offer farmers and others in the value chain a chance to engage and ask questions about FARM. Registration, recordings of the previous conversations, supplementary material, and the full schedule of topics are available on the **FARM Quick Convos webpage**. Similarly, if you missed the first-ever virtual National Milk Producers Federation (NMPF) Annual Meeting—in October, the FARM team delivered their Town Hall updates in a video format.

Watch <https://nationaldairyfarm.com/video-farm-program-update-at-nmpf-virtual-town-hall/> to learn about FARM program updates and successes in 2020, as well as COVID response, new hires, and FARM Animal Care Version 4 progress through the year. □

ITEMS TO CONSIDER WHEN TALKING WITH DIGESTER COMPANIES PART 2

TOM HAREN / CEO, AGPROFESSIONALS

Last quarter we introduced the topic of Digesters and “Items to Consider.” Those items in Part 1 of this series were focused internally and posed the questions you, as a dairy producer, should ask yourself:

1. Is your dairy layout optimized for a digester? Do you have room?
2. Does your manure management system capture the necessary carbon credit intensity score?
3. How will your nutrient management plan need to change if a digester is incorporated on your facility?
4. Is your manure and production system right for a digester? Open lot manure is difficult to use.
5. Who will be responsible for maintenance and operations of the digester? Are you willing and capable to be responsible for the O&M?

Part 2 focuses on questions you should ask the digester company representative about their business to properly vet the many digester companies and developers that are floating around the country signing options. There are obvious questions about their business continuity and success; how long have they been in business? But in the world of anaerobic digester development there are many different business models and just as many different companies promoting digesters, as well as some individuals. The next few pages have the right questions to ask a digester company or promoters.

There are many well-known, successful, and experienced digester companies operating

throughout the U.S. today. However, there is a lot of competition, a lot of startup companies and newcomers to the digester business, and there are many contract “developers” whose motivation is to sign up and tie up as many cows as possible and then shop or flip your options. Hopefully these six points will assist you in evaluating your options... no pun intended.

AGPROfessionals has years of experience with dairy manure digesters, manure acquisition, and brokering relationships between energy companies and livestock production facilities. Contact us to learn if a digester makes sense for your operational goals.

tom haren □ 208.595.5301



DO THEY CURRENTLY OWN & OPERATE ANY DIGESTERS LIKE WHAT THEY ARE PROPOSING AT YOUR DAIRY?

There are plenty of dairy consultants that can tell you what you should do to operate your dairy, but they do not have the same experience as you if they've never owned or operated a dairy. The same is true for digester companies. They may say that they develop or "operate." This is dramatically different than if they or their business personally own and operate digesters.



DO THEY HAVE THEIR FUNDING "IN-HAND"?

Many digester developers have a goal to sign up or "option" as many dairies as possible, and only then do they go shopping for an investor with your contract in hand. Many developers want to "partner" with you to have some "skin in the game." They are using your money to go and leverage their money or "flip" or assign your contract. If a digester developer does not have the resources readily available to initiate a project or fund their upfront development and planning costs, I would steer clear.



DO THEY HAVE AN OFF-TAKE AGREEMENT IN PLACE?

This is the equivalent of “do you have your milk contract before you build that new 5,000-cow dairy.” Without an off-take agreement in hand (someone already committed to buying your gas or electricity) you are essentially planning to produce milk in an open market with no firm or long-term commitment. You don’t do that with your milk. Why would you do that with your biogas? Many developers will expound on how lucrative the market is and there are plenty of buyers and demand for your gas. Why would you want to lock yourself in to a contract? These are 20–30-year projects. If anyone can predict what will happen with the market in the next year, next 10, next 20 and prove their accuracy I would go with them. Otherwise, if they do not have a off-take agreement upfront I would steer clear.



DO THEY HAVE THEIR INTERCONNECT?

This question is like number 3 in that you need a buyer for your product, and then, you need a way to get your product to the buyer. Most of the current digester developers are planning to inject treated biogas into an interstate natural gas pipeline. Some make the mistake of assuming there exists an adjacent pipeline and they can use it. That is not always the case. They must be interstate gas pipelines, and the owner of the pipeline and maybe even the owner of the current gas in the pipeline must agree to allow an interconnect. These are private pipelines, and you cannot force a pipeline company to accept your interconnect. Even so, should they allow an interconnect, they are very expensive, and you are virtually “at their mercy” for the controls, gas quality, and safety requirements of the pipeline company. It usually takes a company with significant clout in the industry to get the attention of these major pipeline companies. If a developer “assumes” a pipeline is available because it is nearby, they do not have an interconnect, they have an idea. Also, you may hear the term “virtual pipeline”. A virtual pipeline merely means there is not an interconnect near you, and they plan to truck your gas to a location that does have an interconnect. The same difficulties apply to an on-site interconnect except now there is the added liability and overhead of continuously trucking gas for 20–30 years. The interconnection should be solved before any onsite planning.



ARE THEY COMMUNICATING STEADY PROGRESS DURING THE OPTION PERIOD?

Many developers want a 6–12-month exclusive option. During this period, they should be conducting detailed planning with your dairy. This planning includes many weeks or months of testing all of your manure sources, extensive land and topographical surveys, site plans and preliminary engineering, project planning and applications for necessary permits. Yet, as stated in question 2, many developers during this time are “shopping” your contract or looking for funding. If they are looking for funding during your option, then they are not spending any of their own “at risk” capital to pay for the testing and studies they should be completing to get your digester off the ground.

Developers should be meeting with you regularly to answer questions and solve issues in the plans and designs. They should be reporting their progress regularly either via memos, emails, phone calls or meetings. You should add a conditional paragraph to your option that requires routine updates and allows you to exit the option without penalty if the developer does not make steady progress during the option period.

Many developers are working on items 1–4 above during your option period instead of item 5.



DO THEY PAY YOU FOR YOUR EXCLUSIVE OPTION?

This is my last item to evaluate the differences between digester developers and their companies. This is last because whether they pay you for your option is not as critical if the other components 1-5 above exist. However, it is a significant sign of good faith and shows both serious intent and the availability of up-front capital to pay the option and pay for the digester planning and engineering costs during the option period. I would ask for a payment during the option period if one is not offered. If payment for the option is offered, I would take it as it is rare in the industry. But if a developer can prove items 1–5 above are in place, I am less concerned about payments during the option period. □



TAILGATE TALKS: SAFETY SIMPLIFIED

ELLISSA CLARK / WORKER TRAINING & SAFETY DIRECTOR, IDAHO DAIRYMEN'S ASSOCIATION

Providing dairy workers with formal safety training is not typically an easy task. Workers are on tight schedules, training resources are scarce, and language barriers exist.

The Idaho Dairymen's Association (IDA) recognized the need for concise, comprehensive safety training materials and developed new, dairy-specific Tailgate Talks to help producers train the dairy workforce.

WHAT ARE TAILGATE TALKS?

Tailgate Talks are manager-led safety discussions intended to last roughly 5–10 minutes. Each discussion focuses on a topic included in the “Dairy Dozen”. The Dairy Dozen encompass OSHA's primary focus areas for Local Emphasis Program (LEP) inspections on dairy farms.

Each Tailgate Talk includes a one-page manager script, a coordinating break room poster, and a sign-in sheet. The combination of these components is effective for learning, reinforcement, and documentation.

The manager scripts are designed to help facilitators and participants identify specific hazards on the dairy where they work. Sections providing training points and key takeaways highlight best practices and hazards, while discussion questions catch workers' attention and make the training relatable.

Over the last three years, IDA has spent a significant amount of time facilitating its Dairy Worker Training and Safety Program. One of the major lessons learned is that workers have an easier time understanding and remembering training content when visual illustrations are shown. Using the accompanying break room poster as a visual aid during and after the training makes a big difference in worker comprehension.

HOW TO DELIVER A TAILGATE TALK

1. Review the manager script before the meeting
2. Gather employees at the beginning of their shift
3. Deliver the information in each section of the manager script
 - Reading the information to employees word for word is not necessary—it is okay to provide the content in your own words. The goal is to present it in a way dairy workers will understand.
4. Address employees' questions
5. Ask employees to sign the sign-in sheet before they leave
 - Keep all completed sign-in sheets with your dairy's workforce training records.

TAILGATE TALK KITS

To make the training process a little easier for dairies, Tailgate Talk Kits are available to order! Each kit includes a manager script booklet, a notepad of 50 sign-in sheets, a complete set of break room posters, and a storage box. The booklet includes every manager script in English and Spanish, while sign-in sheets and posters can be ordered in either English, Spanish, or both languages.

In great news, all Idaho and Utah dairymen will receive a dual kit (English and Spanish materials) for free, courtesy of Dairy West. These kits will be distributed in the first part of 2021.

IDA trusts that this resource will be beneficial in protecting and educating the dairy workforce. □

Tailgate Talk Kits can be ordered at idahodairymens.org/tailgatetalks beginning January 2021

ellissa clark □ ellissa@idahodairymens.org □ 801.821.1983

IDAHO DAIRY INDUSTRY PAC AIMS TO BUILD STRONG COALITION OF DAIRY- MINDED LEGISLATORS

DAVID CLAIBORNE / SAWTOOTH LAW & BOB NAEREBOUT / IDAHO DAIRYMEN'S ASSOCIATION

This year marked the formation of the Idaho Dairy Industry PAC—a movement to improve political influence of the dairy industry in Idaho state government. The IDI-PAC, as it is referred in shorthand, cannot participate in national political activity. It is supported completely by producers, processors, and allied industry—IDA does not contribute money to the PAC. Instead, building upon existing influence of the IDA, the IDI-PAC will have greater ability to participate directly in state politics in an effort to solidify relationships with those committed to dairy.

At its core, the IDI-PAC was formed to promote Idaho dairy interests by serving as dairy's advocate in legislative and regulatory affairs at the state and local levels in ways that IDA has determined it should not. This will be done mainly through developing and/or supporting candidates to run for office at the local and state level, and then financially supporting their political campaigns. We seek to encourage and provide leadership development for dairy producers and processors, and to work in harmony with other dairy and agricultural production organizations to provide a strong and united voice to advance the shared

goals of the Idaho dairy industry. To achieve these aims, the IDI-PAC:

- Will develop a dairy industry PAC that has strong regional components with a membership base that includes producers, processors, and allied industry;
- Raise money used to contribute to campaigns, candidates and measures of state or local concern;
- Support candidates for elected offices, ballot measures, and petition circulation drives to the extent they have a philosophy or objective consistent with advancing, promoting, and protecting interests of Idaho dairy;
- Oppose candidates that oppose dairy and animal industry;
- Otherwise act and take position on any other political issues and societal concerns the outcome of which effects the welfare of the Idaho dairy industry.

CURRENT BOARD MEMBERS

Producers

Bernie Teuniseen *Treasure Valley*

Pete Jones *Magic Valley*

Willie Bokma *Magic Valley*

Arie Roeloffs *Magic Valley*

Ed DeGroot *Treasure Valley*

R. Kim Wolfley *Eastern Idaho*

Winfield Anderson *Eastern Idaho*

Processors

Mike Ragsdale *Idaho Milk Processors Association*

Daragh Maccabee *Idaho Milk Products*

Russ De Kruyf *Glanbia Nutritionals*

Allied Industry

David Claiborne *Sawtooth Law*

Bob Naerebout *Western Dairy Business Solutions*

The success of the IDI-PAC depends upon the active involvement of, and contributions from, Idaho's dairy producers, dairy processors, and allied industry. This year we started as a fledgling organization. We received initial contributions from our founders and leveraged those to obtain membership in the Idaho Prosperity Fund, a political organization composed of leading Idaho industry such as timber companies, agri-business, retailers, manufacturers, realtors, homebuilders, and many more. We also directly supported with monetary contribution, and endorsed for office, several candidates in the primary elections. We endorsed 18 candidates, and 11 won their elections (a success rate a little above 60%).

In Idaho, primary elections are where most efforts are important. This year, less than half of the general election contests were contested by candidates of the two major parties. So, in most cases, if a candidate wins the primary, he/she will likely win the general election. This is heightened by the fact that Idaho is overwhelmingly a one-party state (in statewide contests over 60% of the vote goes to Republican candidates; in the Statehouse 82% of the

legislators are Republicans). We must remain committed to engaging early and often, in the primary contests, so winners are those persons that will be friendly to dairy.

The IDI-PAC's founding board includes ourselves (*Bob Naerebout and David Claiborne*), together with Bernie Tuenissen (*Beranna Dairy*) and Pete Jones (*Oak Valley Dairy*). Since founding, we have received support in contributions, and board membership, from Idaho Milk Products, Glanbia Nutritionals, and Idaho Milk Processors Association. We will be reaching out to obtain further support from producers, processors, and associate members of IDA. We are excited at the opportunity to grow the IDI-PAC, develop a war chest for future campaigns, and to build an engaged board representative of dairy producers and processors across the state. Please, if you wish to become involved in state or local politics; if you like discussing the issues and the candidates; if you like debating the issues; if you are willing to assess candidate positions and help select those that deserve support—reach out to us. We are eager to develop a strong, winning coalition for the betterment of Idaho dairy. □

bob naerebout □ bnaerebout@gmail.com □ david claiborne □ david@sawtoothlaw.com

WASHINGTON MANURE SYSTEM TOURS

TANYA OLDHAM / ENVIRONMENTAL SERVICES DIRECTOR, IDAHO DAIRYMEN'S ASSOCIATION



The air was humid. Nothing like the dry Idaho climate. We stepped out of the pick-up and got a big whiff of a familiar smell. My nose can always sense when there is a digester involved. I put on my poop coat and went to see what all the fuss was about. In October, Rick Naerebout, Megan Satterwhite, and I drove to Washington state to check out manure systems in the area. We spent three days touring facilities and looking for ideas to bring back to Idaho. Throughout the entire trip, we saw one milking parlor. Similar to a mullet, the party was in the back: the manure system. It was an enjoyable trip that captured our interest by seeing others' successes and challenges, while comparing them with our own.



One large distinction between the two states is that Washington dairies are regulated on a nitrogen basis whereas Idaho is regulated on phosphorus. The differences in the treatment of the two elements is notable and had some large impacts on what technologies would be useful in both places.

We started in Royal City, WA, located on the dry side of the state in the shadows of the Cascades. The pit stop was a Royal Dairy, the home of 6,300 lactating cows. Here they treat their manure using the science of worms in a system called BioFiltro. All manure is collected from the free-stalls via flush and finds itself in separation cells. These are cleaned out regularly by scraping the solids up a sloped concrete



BioFiltro system using worms to treat lagoon water

pad to dewater. The liquid portion flows to two sets of sloped screens. From the screens it was sent to a large lagoon.

BioFiltro was the last step. Beside their lagoon they had concrete basins, 5 feet deep, with drains in the floor. They were filled with a layer of plastic pallets, a mesh screen, river bottom gravel, another mesh screen, and on top of all that was three feet of thick wood chips. This provides pore space and supplies air flow to the worms. On top of the basins laid PVC pipe delivering lagoon water (1–3% solids) to a sprinkling system. It was set on a timer to sprinkle lagoon water over the wood chips and feed the worms at a set rate. The final products are worm castings sold as an organic soil amendment, and a tea water free of nutrients and solids. That liquid goes to a final containment until field application. This was my favorite system because it felt scalable to any size operation. What will we call it when all these worms take over the world? Global Worming!



DAF system scrapers, skimming solids off the top of liquid

Next up we went to Sunnyside. Here we got the opportunity to connect all the familiar dairy names to the actual places. We stopped to see the Deruyter Dairy digester. Their facility is a free-stall flush operation. They captured their gas in cylinders to be trucked to a pipeline. Their digester was owned and operated by a third-party company. Following the digester, they had two different technologies.

The first was a DAF (dissolved air flotation) system. Here they mix polymers with their digested manure to promote flocculation and suspension of solids to float to the top of a large trough. Across the top of the trough are rubber scrapers that rotate on a chain, designed to skim the solids off of the top of the liquid. At the end, solids are scraped into a screw press to squeeze off excess liquid.

The liquid portion flows to a NDN (nitrification, denitrification, nitrification) Lagoon. This could be best described as a lagoon divided into three sections, with half of it being jetted like a hot tub



NDN treatment lagoons with aerators

minus the heat. The point of the NDN lagoon is to promote the conversion of existing nitrogen forms into N₂ gas. After the NDN lagoon was a final containment where the liquids were saved until field application.

Sunnyside is also the home of Cow Palace, an open lot dairy with a new separation system. They operate a LWR (Livestock Water Recycling) system. It could be best described as a longer, narrower slope screen using polymer to flocculate solids. Like a sloped screen, the solids fall below onto a concrete pad. It was relatively new on the facility and they were still working out some of the kinks. A clear liquid could be achieved by using more polymer; however, the cost of the polymer is quite high. The liquids from the LWR flow to a final containment. The separated solids are composted, and land applied. We left Sunnyside wondering what the effects polymers have on land application and nutrient availability.

The following morning was spent driving to Monroe, WA where we found the Werkhoven Dairy and the Qualco Digester. We were in the part of Washington that receives an obscene amount of rain. This digester was located between two Werkhoven dairies, both a mile and a half away in either direction. The digester is fed with the manure from 2,200 cows. We were impressed with the effortless pipelines that ran from both dairies straight to the digester. Here they made electricity and sold it to the grid of Seattle. They partnered with the local tribe on the digester and it seemed to be a very synergistic relationship. At the time, the Werkhoven family was operating the system but mentioned the local utility company would soon take over operations and maintenance of the digester. Following the digester, they had a roller press and dryer to recycle solids as bedding. While checking out the separation system, a fly asked me if that stool was taken. You can imagine my response.

The fascinating part of this stop was the amount of substrates they were putting in their digester. Due to Covid-19 and the lack of social events, the wine industry was dumping truckloads of wine right into their digester and somehow it was still standing. A truckload of soda showed up while we were there. They also take in grocery store waste and a number of other things. It does add some additional nutrients to their farm, but they were actively managing their nutrient balances and tipping fees were well worth it.

One day later we found ourselves in Sedro-Wooley, WA. The home of Sedron Technologies. We stopped by for a visit with Peter Janicki, the creator of the Varcor Processor. They are piloting a hopeful technology capable of creating a dry product, aqueous ammonia, and potable water from manure. The technology is in the early stages and is not commercially available, however is getting a lot of attention. It is unique in its ability to separate manure into three different streams. Unlike a manure spreader, it was technology that a someone might stand behind. The scalability is something they hope to work on once the first model becomes commercially available. Primary separation is also required prior to the machine, as the Varcor system can only handle effluent at 8% solids.

Coldstream Farms is a free-stall dairy located in Acme, WA and was our last stop on our trip. It was an incredibly beautiful place, but it comes at the cost of 70 inches of rain each year. They received a grant that funded the pilot of a RO (reverse-osmosis) system. They ran manure from 1,600 cows in free-stalls through a primary separator, then to a bedding master separation system, all prior to their RO System. In Idaho we take for granted the primitive ability to dry manure in the sun, and it was fascinating to see such an extensive effort to dry solids.

The RO system uses a handful of membranes to filter the liquid manure into water and a concentrate. The concentrate could be used as a fertilizer. The water was exceptionally clean and could be permitted to discharge to a surface water if it weren't being used on the dairy. The system could be profitable in periods when high

rain diluted their manure. The dilution helped the cost per gallon treated go down. In drier times their manure was thicker and seemed to make costs go up. The economics of the system did not pencil for their operation and was the main reason the system was no longer in use. It's too bad they couldn't use the scents from manure.



Barn in the background of the Qualco Digester

Now if you are still reading this really long article, you are probably wondering what any of this manure has to do with Idaho. Major takeaways from the trip were plentiful. Polymers are expensive, and the cost of using them does not always make economic sense. There are a number of unknowns about polymers in agricultural settings, the effect on nutrient availability, and how long it takes for them to break down. RO systems might work if you have a diluted manure stream. Almost all of the advanced technologies required some sort of primary separation. Primary separation was critical to lower percent of solids before final treatments. The BioFiltro system seemed the most scalable and relevant to Idaho. The Sedron Varcor Processor seems to have a lot of promise but is still in the early stages.

I hope our trip piqued your curiosity. Please reach out to chit chat about any of these systems, we would love to tell you more. We talk manure on a daily basis and are always willing to discuss ideas and share what we know. □

tanya oldham □ **tanya@idahodairymens.org** □ **435.660.9501**



NEW PREMIUM MEMBER

MCALVAIN COMPANIES INC.

McAlvain Companies (a Big-D Company) is a third-generation Idaho-born construction firm recognized by ENR among the 2020 Intermountain Best Contractors with over 250 employees with offices located in both Boise and Idaho Falls. Having a dedicated food, beverage, and agriculture focus we are proud to be fully integrated in the dairy industry, from building dairies and milking parlors to the largest dairy processing facilities in the United States. As one of the largest construction organizations in the country with revenues approaching \$2 billion a year, Big-D's Family of Companies have a long history of providing commercial construction services to customers from a wide variety of industries. McAlvain's concrete division is also ranked as the #1 structural concrete placing companies in the Mountain States by ENR.

mcalvain.com



DAIRY MARGINS NEARLY AS VOLATILE AS MILK PRICES IN 2020

COLE LICKLEY / RISK MANAGEMENT CONSULTANT, STONEX GROUP, INC.

Idaho dairy farmers have seen volatility in all aspects of their company's financials; from their milk revenue dropping by over 50% in March and April to doubling for many producers in the late summer months to feed costs seeing multi-year highs in the latter half of 2020. Both of those points don't mean much independently. If the revenue decreases follow input costs lower, a dairy producer can still make a profitable margin. However, with those costs not correlating strongly it is important to see just where those margins have been.

The beginning of 2020 proved to be profitable for many Idaho dairies, keeping sentiment strong and optimism running high. As can be seen in the "Idaho Milk Producer Margin" chart, the end of 2019 and beginning of 2020 had margins floating around \$10.00/cwt, well above the 75th percentile of margins over the past five years. Those levels were maintained through the first quarter before things began to turn around.

With Class III milk prices finishing April at close to \$13.00/cwt and May nearly \$12.00, margins were squeezed, down around \$6.00/cwt and below the 25th percentile. In this specific case, milk prices were the big cause of the tightening in margins as major feed costs were holding around the yearly lows. This script was quickly flipped as the next subsequent months saw margins back above the 75th percentile and blasting through the \$12.00/cwt mark; Class III milk prices moving well above \$20.00/cwt. Since that time, margins fell straight off back below \$9.00/cwt before rebounding to rival late summer highs. Currently, we have November margins sitting slightly above \$12.00/cwt, but with current forward prices those will be wiped away incredibly back below the 25th percentile.

What does 2021 look like so far in terms of margins? Projections and forecasts lead us to believe that the first half will squeeze dairymen with margins at or below \$7.00/cwt, before becoming more profitable into the second half. Keep in mind, these margins are being projected based on current futures prices on both feedstuffs and milk.

Now, margins seem as an independent item that dairy producers keep on hand and in the back of their mind as they work hard to keep their businesses profitable and running. However, we look at margin as a macro indicator for numerous supply-side shifts; the biggest being the consequences on the dairy cattle herd of margins ebbing and flowing. Our analysis (based on aggregated U.S. Dairy Gross Margins) has shown that when margins move north of \$11.50/cwt, the herd expands. Conversely, when margins fall below \$9.00/cwt, the dairy cattle herd begins to contract. It is easy to draw that conclusion by looking at the charts. This year, the number of milk cows within the U.S. has moved in conjunction with margins and has been climbing steadily over the past few months with strong margins.

With the 2021 margin projections and forward prices, it looks as though the dairy cow herd will not have a big force moving it one way or the other. We do believe though that as margins move below the 75th percentile and the upside risk of feed costs remain; we think the herd has the potential to contract slightly.

With current volatility elevated and the future holding a great amount of uncertainty, we are inclined to utilize risk management strategies that keep upside potential on the table. We believe it is important to utilize and understand all the tools available to a producer. Traditional risk management using futures and options, DMC (Dairy Margin Coverage) and DRP (Dairy Revenue Protection) can all be used in a holistic risk management plan. That paired with up-to-date knowledge of current market dynamics will allow for strong decision making and continued sustainability.

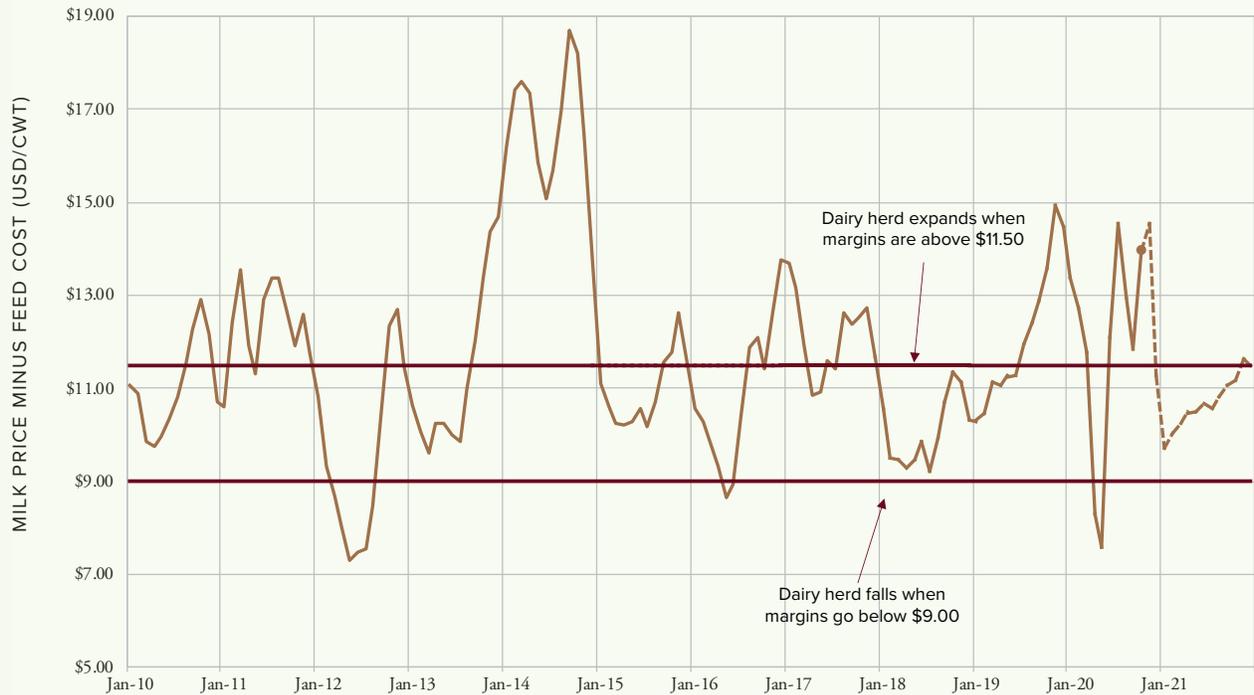
Please feel free to reach out to discuss risk management tools and our unique Market Intelligence: ProfitView, which is tailor-made specifically for dairy producers. □

IDAHO MILK PRODUCER MARGIN (USD/CWT.)



Source: USDA, CME, StoneX Calculations, Estimates and Forecasts

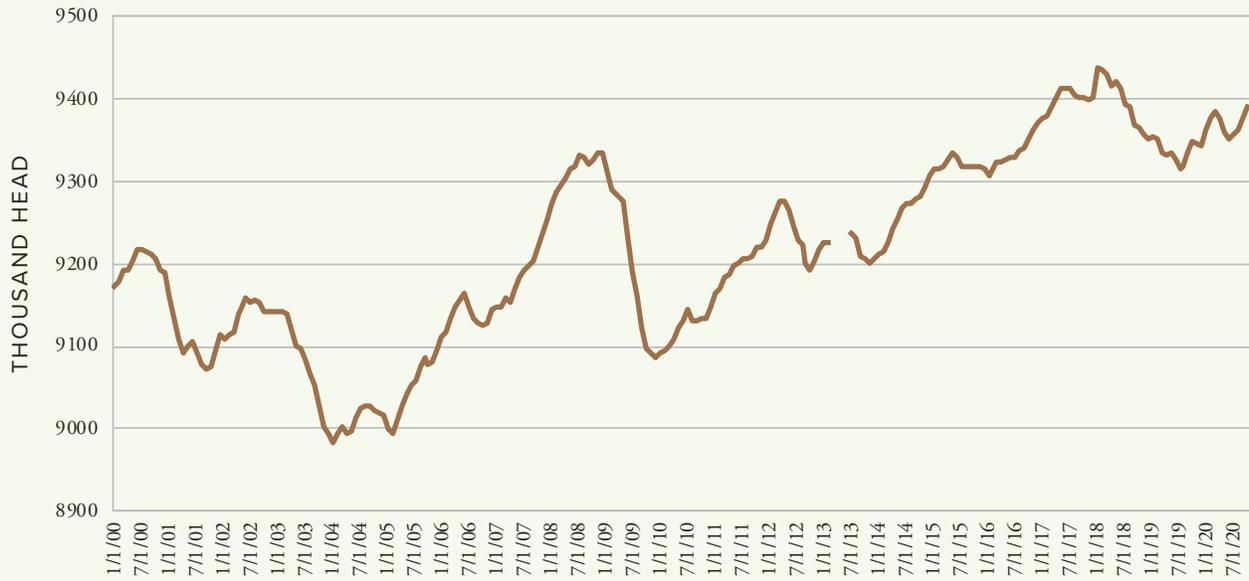
US MILK PRODUCTION GROSS MARGIN (Milk Price Minus Feed Cost per Hundredweight of Milk)



Source: USDA, StoneX Calculations

U.S. MILK COWS

(Gap due to sequester)



Source: USDA, StoneX Calculations

cole lickley □ cole.lickley@stonex.com □ 208.410.8530



IDAHO AGBIZ: OUR TOOLS, YOUR SUCCESS

CARLY SCHOEPFLIN / UNIVERSITY OF IDAHO

The end of the year is a natural time for reflection on the year that passed and speculation about what's to come. And the inherent uncertainties faced in production agriculture can be strong enough to find many farmers placing 'crystal ball' at the top of their holiday wish list—some sort of guarantee that the rewards they see in the coming year will outweigh the risks they take on the farm.

While based on an overwhelming amount of data rather than witchcraft and wizardry, the University of Idaho Extension Farm and Ranch Management Team has put together an invaluable free resource for producers looking to make confident financial decisions about their future through the website, Idaho AgBiz (www.uidaho.edu/Idaho-AgBiz).

The website provides financial tools assembled by U of I economists to help farmers, ranchers, and ag-focused businesses in areas like commodity marketing, farm business management programs, succession planning, and other farm and ranch management tools.



Ashlee Westerhold, a U of I Extension area economist based in Twin Falls, facilitates many farm and ranch financial management programs for Idaho producers and contributes to the resources found on the Idaho AgBiz website.

“A key part of the calculation is encouraging producers to figure what they need to pay themselves to make their businesses work,” Westerhold said. “Producers need to have all the financial statements to make the best decisions and we can help through our workshops and the Idaho AgBiz website.”

The enterprise budgets on Idaho AgBiz offer the best large-scale information put together by U of I economists as a starting point for producers and businesses. Individuals can then use that data to tailor the information to fit their own circumstances. The enterprise budgets can be used by producers,

lenders and others to estimate costs and returns for many different enterprises.

The livestock budgets include dairy, feedlot, cow-calf and replacement heifer budgets as well as sheep and goat budgets and stocker beef budgets.

Idaho AgBiz really helps producers feel more comfortable with a risk before taking it

The crop budgets are divided geographically, North, Southwest, Southeast, Southcentral, and are also divided by irrigated and non-irrigated land. The site hosts crop budgets for potatoes, barley, wheat, beans, hay, bluegrass, silage corn, sugar beets, onions, and peppermint.

The livestock budgets are updated in even years, while the crop budgets are updated in odd years. Farmers, ranchers, and input providers are surveyed to come up with the Idaho-specific data and costs that are built into the budgets.

According to Westerhold, the enterprise budgets are one of the most popular tools on the website.

“Many producers plug in their own information to determine break even points in their current operation or what they may need to consider if they’re looking to diversify,” she said. “It really helps them feel more comfortable with a risk before taking it.”

The Idaho AgBiz website also provides tools beyond budgets to help decision makers on the farm like Idaho milk prices, national dairy market weekly report, U.S. milk production and price forecasts, livestock marketing information, notices for

upcoming farm and ranch management workshops, and much more.

In addition, some of the programs provide the opportunity for producers to learn and trial some basic ag-oriented business software such as FINPACK, which helps analyze credit decisions or become more comfortable utilizing Quicken for farm financials.

One such program is the U of I Extension Farm Business Management and Benchmarking Program. Funded in part by a grant from the National Institute of Food and Agriculture, the program aims to update local and national agriculture databanks with anonymous, producer-generated budgeting and benchmarking data specific to Idaho.

In return, producers benefit from the practice of compiling a complete financial picture for their operation and walk away with the financial records they created plus a better understanding of where they’ve been successful and where they have room to improve.

Registration for the free benchmarking program is open yearlong and sessions are structured 1-on-1 at times that best work with a producer’s schedule. If you’re interested, more information can be found at the Idaho AgBiz site.

Additionally, information for future workshops offered by UI Extension can be found on the site addressing topics like succession planning, farm and ranch financial management, Annie’s Project—strengthening women’s roles in modern farm and ranch enterprises, and more.

Just like the agriculture industry itself, the Idaho AgBiz website is continually evolving. Westerhold invites producers, commodity organizations, and agribusiness partners who use the website to share feedback with her about how the site can be improved or what information might be added to ensure it’s meeting the needs of Idaho producers statewide. □

ashlee westerhold □ ashleew@uidaho.edu □ 208.736.3604 □ uidaho.edu/idaho-agbiz

PLANNING FOR CAFE HITS FULL STRIDE

BILL LOFTUS / UNIVERSITY OF IDAHO

Work by Keller Associates and McAlvain Construction on the schematic design brought forward some of the most important questions facing the heart of the Idaho CAFE project.

The schematic assembled the most detailed analysis so far of how the 2,000-cow dairy can be located on the site near Rupert and how it would look and work.

The design firms worked to define what the research dairy needs to operate, sketched out the overall concept for where the milking parlor and other major features would fit best on the site and took the most detailed look at a cost estimate. One of the most expensive parts of the research dairy will be its rotary milking parlor, a circle of milking stations capable of milking 60 cows at a time. The rotary can milk 300 cows an hour or 2,100 cows per seven-hour milking shift. The design allows for milking each cow three times a day. The design also allows milking other groups of cows, such as those involved in smaller research studies, during breaks.

The design schematic offers a working look at the features necessary to create a working dairy and allows those involved to talk through the assumptions and realities behind them, the University of Idaho's Jim Miller said. He is the director of development and capital projects analyst for the College of Agricultural and Life Sciences.

We hope to finish the design phase in early spring so we can open the project for bids and begin construction in the fall. The goal is to have the

initial phase of the project completed by 2023 and begin milking cows by 2024.

Between now and then, though, a lot of work lies ahead. Building a dairy is a complicated job in itself. Building a research facility brings a whole different set of needs and considerations. Combine those projects and the complexity requires a broader circle of experts.

Miller turned to the university's main partner in the research dairy project, the Idaho Dairymen's Association, for feedback on the design schematic.

"We have received some outstanding stakeholder involvement," he said. The IDA board of directors includes those who have built dairies and operated them. Their experience will help test the ideas that helped create the design schematic.

Every large, complex project undergoes detailed reviews to find the best and most cost-effective ways to reach the goals. The IDA members' comments were valuable because they have extensive experience managing their own herds, building milking parlors, corrals, and pens. They've worked through project design, construction, and operation and learned which strategies worked and ways to adapt to issues at each step, Miller said.

Combined with that practical experience is a shared desire for the project's ultimate goal: better research to address environmental issues. That goal is the reason for CAFE, and one that individual dairies cannot address on their own, Miller said. □



SUSTAINABILITY IS ACCESSIBLE, PROFITABLE FOR FARMERS

**KAREN SCANLON / SENIOR VICE PRESIDENT OF ENVIRONMENTAL STEWARDSHIP,
DAIRY MANAGEMENT, INC.**

U.S. dairy set the 2050 Environmental Stewardship Goals and created the Net Zero Initiative (NZI) with the intention of never having farmers carry the load alone. The strategy was to bring others to the table with their resources and expertise, and that is exactly what's happening.

In October, Nestlé announced it would invest up to \$10 million in a multi-year partnership to support NZI. More recently, we announced Starbucks pledge to support the initiative as well. These are the kind of high-profile commitments that we hope will propel others to join the growing momentum and help farmers be even better at what they have done so well for generations—caring for their land and natural resources.

The U.S. dairy industry is showing true unity and leadership through NZI. It was founded by organizations representing dairy farmers, cooperatives, and processors, including Dairy Management Inc., the Innovation Center for U.S. Dairy, Newtrient, National Milk Producers Federation, U.S. Dairy Export Council, and International Dairy Foods Association. The 2050 goals and NZI are crucial to our industry's future. We've seen a shift, accelerated by COVID-19, in consumers who want more transparency in how their food is produced. Purchase decisions are linked to emotions. People want to feel good about what they consume, and NZI will help provide key proof points.

NZI is designed to help our nation's dairy farms of all sizes and geographies implement new technologies and adopt economically viable practices on our journey to net zero greenhouse gas emissions, optimized water usage, and improved water quality on farms. Through foundational science, on-farm pilots, and development of new product markets, NZI aims to knock down barriers and create incentives for farmers that will lead to economic viability and positive environmental impact.

This was done with the understanding that we cannot achieve sustainability without profitability.

That's why we'll use funding to address needs, such as research gaps, that will help farmers identify best practices in feed production that can not only reduce greenhouse gas emissions but also improve soil health and water quality. We'll be able to quantify the environmental outcomes that set the stage for new market opportunities, such as non-traditional carbon and water markets.

So many other possibilities are on the table, such as feed additives that have a positive impact on greenhouse gases and feed efficiency, and genetics to lower methane emissions. Manure presents numerous opportunities, including technology to create dried products that can be packaged and marketed. Renewable energy from wind and solar, as well as anaerobic digestion, are within reach as well. From an energy perspective, things like LED lighting, variable frequency drives, and high-efficiency refrigeration are NZI solutions. So are practices such as minimal disturbance tillage, cover cropping, and buffer strips.

It's important to think of NZI as our pathway to the 2050 goals and a tool that will capture the collective good of what farmers already are doing. There isn't an expectation that every farmer must do everything for NZI to succeed. But we do know all farmers are doing things that are part of the collective success. We plan to capture that and use that proof to demonstrate U.S. dairy's commitment to environmental sustainability.

This is an exciting time for our industry, and we have built a long runway for this moment. This work has been on the radar of the checkoff-created Innovation Center for U.S. Dairy and its member companies for years. We also are relying on generations of sound practices by our nation's dairy farmers that have proven the great care with which they manage their land.

It's this sort of vision and commitment that make it a natural fit for major companies and others to come on board and join an already strong U.S. dairy foundation. □

usdairy.com/sustainability



195 River Vista Place
Suite #308
Twin Falls, Idaho 83301

UPCOMING EVENTS

JANUARY 11 IDAHO'S 66TH LEGISLATURE CONVENES
MARCH 9 & 10 IDA & DAIRY WEST BOARD MEETING

IDA/IDEAL BOARD OF DIRECTORS

Pete Wiersma President (Buhl, ID)
Arie Roeloffs Vice President (Wendell, ID)
Ted Vander Schaaf Secretary/Treasurer (Kuna, ID)
Allan Swainston (Preston, ID)
Christopher Stevenson (Jerome, ID)
Kim Wolfley (Blackfoot, ID)
Willie Bokma (Twin Falls, ID)
Rudi DeWinkle (Melba, ID)
Don Taber (Shoshone, ID)
Kim Korn (Terreton, ID)
Lynn Keetch (Montpelier, ID)
Ed DeGroot (Mountain Home, ID)
Derek Whitesides (Rupert, ID)
Rick Naerebout CEO

IDPC BOARD OF DIRECTORS

Mike Siegersma Chairman (Nampa, ID)
Brian Esplin Vice Chairman (Shelley, ID)
John Brubaker Secretary (Buhl, ID)
Kallan Rex (Malta, ID)
Pete Doornenbal (Caldwell, ID)
Tom Kasper (Melba, ID)
Dan Gilbert (Blackfoot, ID)
Don Gaalswyk (Castleford, ID)
Kim Korn (Terreton, ID)
Karianne Fallow CEO

DAIRY WEST BOARD OF DIRECTORS

Steve Ballard Chairman (Gooding, ID)
John Brubaker Vice Chairman (Buhl, ID)
Josh Webb Treasurer (Declo, ID)
Chace Fullmer Secretary (Sigurd, UT)
Tom Kasper (Melba, ID)
Dan Gilbert (Blackfoot, ID)
Jeff Hardy (Brigham City, UT)
Mike Siegersma (Nampa, ID)
Matt Leak (Cornish, UT)
Winfield Anderson (Blackfoot, ID)
Pete Wiersma (Buhl, ID)
Karianne Fallow CEO