



September 17, 2014

VIA EMAIL TO Clerk of the Board, commentletters@waterboards.ca.gov

Felicia Marcus, Chair
State Water Resources Control Board
1001 "I" Street
Sacramento, CA 95814

Re: 9/23/14 BOARD MEETING, Item 8, "Consideration of a proposed resolution adopting emergency regulations revising the core regulatory fee schedules..."
- We oppose any fee reduction or limit associated with CDQAP certification.

Dear Chair Marcus:

As director of the California Dairy Quality Assurance Program (CDQAP), thank you for the opportunity to express our concerns related to the proposed change to the fee schedule for Confined Animal Facilities.

Below I will provide additional details, but in short our partnership maintains that any change in the 50 percent fee reduction for CDQAP-certified producers would be *counter-productive* to the goal of dairy environmental stewardship in California.

We believe that reducing and/or capping the current fee reduction would:

- Inequitably increase fees for dairy operators who have invested substantially in training, monitoring and infrastructure improvements, while reducing fees for operators who have not demonstrated such a commitment;
- Degrade producer confidence in CDQAP as an impartial source of compliance assistance and as a partner in their stewardship efforts;
- Adversely affect producer enthusiasm to participate in both on-line and in-person education collaboratively provided by CDQAP and the University of California;
- Reduce motivation of producers to participate and pay for third-party facility and record inspection, thus reducing the effectiveness of both industry and regulatory compliance efforts;
- Erode industry motivation to support the largest, most effective environmental outreach program in the country, a program with nearly two decades of broad and strong logistical and financial support from the dairy industry.

Lastly and perhaps most importantly to the Water Board, retaining the current fee structure (as proposed under staff's fee schedule "Option 1A Status Quo 50% QAP") would actually be revenue neutral.

As you will read in the comments provided by the Dairy Cares organization, collectively the state's dairy industry representatives unanimously oppose any change related to the CDQAP fee reduction credit as it is currently applied. We request that, regardless of other actions the board takes relative to the fee structure, the current 50% fee reduction credit without any cap remain in place.

Background on the CDQAP

Serving the dairy industry and the people of California for 17 years, the CDQAP is a collaborative effort of dairy organizations, federal and state government agencies, industry and the University of California. Our mission is to support producer efforts promoting the health of their livestock, dairy consumers and the environment. CDQAP was founded in 1997 when 15 state, federal, university, and industry organizations signed an Environmental Stewardship Partnership Agreement (see attachment). A much valued signatory to the agreement was the State Water Resources Control Board's then Executive Director, Walt Pettit. The agreement's signatories also included three state cabinet-level secretaries and the U.S. EPA's regional administrator. The EPA in fact felt so strongly about the program that it provided \$443,000 in grant funding. With the grant long since expended, the program continues today with the support of the California Dairy Research Foundation and through individual producers participating in the program.

Continuing education, provided through the University of California, is integral to achieving CDQAP Environmental Certification. Since the program's inception there have been more than 12,000 in-person producer-program contacts. More than 3,000 producers have attended at least one environmental workshop, suggesting that virtually all of the state's dairies have used the program at one time or another. CDQAP has produced more than 110 water and air quality protection educational documents, templates and videos to support the education and outreach program.

While not all producers attending workshops complete the certification process, over 600 producers have become certified by successfully completing the third-party evaluation using a checklist consolidating all federal, state, and local environmental regulations. These on-farm evaluations include review and assessment of the farm's records, facilities and their regulatory history. The water quality program has been so successful that it expanded to include air quality with specific continuing education and inspection components.

Regarding regulatory compliance outreach, the program has been wildly successful. The compliance submission rate for all 1,500 central valley producers in the first phase of the dairy water permit exceeded 90 percent, in large part to the program's efforts. The regulatory community has consistently recognized the success of the program. In 2004, the program received the US EPA's (western region) environment protection award and in 2007 the Governor's Environmental and Economic Leadership Award (GEELA), the state's highest environmental honor.

Specific Concerns Regarding Proposed Fee Schedule Changes

For almost two decades through its logistical and financial support, the California dairy industry has demonstrated its trust in, and commitment to, the CDQAP. We are concerned that the proposed action of the State Water Board to modify the existing fee structure would degrade producer confidence in the program, harming our future efforts to provide effective environmental stewardship outreach and education.

The CDQAP collaboration has grown to be the largest, most effective environmental outreach program for livestock in the country. In California it remains the only effective method for statewide outreach available to the State and Regional Water boards. Importantly this effort has been financed by the industry itself and can continue to be so. The staff report outlines several fee structure options. If fee increases are inevitable we would propose that the board move to accept “Option 1A Status Quo 50% QAP”. This fee structure would be revenue neutral to the Water Board, but keep the motivation to participate in the CDQAP collaborative program intact.

Lastly, we reiterate that capping the CDQAP fee discount, while no doubt well-intended has poor public policy consequences. Fundamentally such a change in the fee structure inequitably shifts financial burden from producers who have invested in environmental stewardship to producers who have not demonstrated such a commitment. Consider, for example, a producer with a 3,000-cow dairy. Under Option 2A (the option recommended by staff) if the producer was not certified under CDQAP he would experience only a 20% increase in Board fees. Ironically however if the producer had invested substantially in training, monitoring and infrastructure improvements to earn his CDQAP certification, he would see a 90% increase in fees. We propose that this inequality in fee structure sends absolutely the wrong message, that dairy operators engaged in voluntary efforts to certify compliance may actually see higher fee rate increases than those that do not.

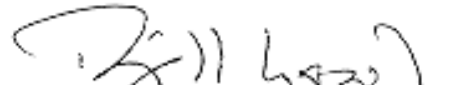
Thank you for your consideration,

A handwritten signature in brown ink that reads "Michael Payne". The signature is written in a cursive style and is positioned above the typed name and title.

**Michael Payne DVM, PhD
Director, California Dairy Quality Assurance Program (CDQAP)
University of California – School of Veterinary Medicine**

Environmental Stewardship
Partnership Agreement Signatories


Winston Hickox Secretary
California Environmental Protection Agency


William (Bill) J. Lyons Jr., Secretary
California Department of Food and Agriculture


Mary Nichols, Secretary
The California Resources Agency


Felicia Marcus, Regional Administrator,
US Environmental Protection Agency Region 9



Walt Pettit, Executive Director
State Water Resources Control Board


Robert C. Hight, Director
California Department of Fish and Game


Jeff Vork, State Conservationist
USDA Animal Resources Conservation Service


Val Dolcini, State Executive Director
USDA Farm Services


Paul O. Ugstad, Area-Vet.-In-Charge
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Milk Producers Council


Charles Ahlem, Chairman
California Dairy Quality Assurance Program