



LEGISLATIVE REPORT

SAN DIEGO COUNTY COWBELLES

APRIL 2022



CALIFORNIA SENATE ADVANCES PRESCRIBED FIRE FUND BILL

CA Sen. Bill Dodd's legislation that would enhance wildfire prevention in CA through the implementation of a \$20 million prescribed fire claims fund was advanced by the CA State Senate. "Prescribed burning is one of the most effective means of wildfire prevention, which is why I wrote the law last year to encourage greater use of this proven technique." "My new bill continues our efforts to encourage greater use of prescribed fire by ensuring those who practice this time-tested technique can have some protection from any unintended costs. I thank committee members for seeing the value in this proposal." Prescribed burning — also known as controlled burning — has been used for centuries to clear brush and tinder-dry trees known to fuel runaway fires and have rarely been known to escape their bounds and cause damage to neighboring properties, according to Paul Payne, press secretary for the senator. "If they do, Sen. Dodd's new bill, Senate Bill 926, would establish a fund to help cover costs," Payne said in an email. This bill — which is sponsored by The Nature Conservancy and passed the Senate Natural Resources Committee with overwhelming support — protects landowners & prescribed fire managers from having to pay fire suppression expenses unless they have acted with gross negligence, according to Payne. This represents a significant attempt that the state is making to address the growing damage that wildfires are causing. There have been 736 fires that have burned 6,055 acres in CA to date this year, which has already surpassed last year's year-to-date data that at this time had seen 725 fires & only burned 2,261 acres, according to data from Cal Fire. Fire prevalence and acreage burned by this time in the last two years are significantly larger than the 5-year average of the same interval in CA, which is 488 fires & only 998 acres burned. Jay Ziegler, director of policy and external affairs at The Nature Conservancy, said returning beneficial fire to the landscape is essential to both forest health as well as reducing the impacts of mega-fires to our communities. "SB 926 will establish a prescribed fire claims fund allowing for the implementation of \$20 million included in last year's budget for this purpose," Ziegler emphasized. "This measure is critical to reducing the risks and impacts of massive and severe wildfires that are only expected to grow with climate change."



PRODUCTION COSTS OUTPACING COMMODITY PRICES

The cost of growing crops could outpace revenue for many farmers in 2022, making it more difficult to break even despite rising commodity prices and increased demand both domestically and globally. The American Farm Bureau Federation is launching a series of Market Intel articles examining rising farm production expenses. The first report concludes that farm production costs are likely to increase 6% in 2022, which follows a 12% increase in 2021. This continues a trend stretching back several years. Since 2013, farmers have seen almost all production expenses increase. For example, livestock and poultry expenses have gone up 46% and marketing, storage and transportation costs have increased 59%.

Farmers are seeing a number of production cost increases including:

- Rising fertilizer, seed and chemical prices, which now make up to 17.5% of on-farm expenditures
- Rising fuel and energy prices, exacerbated by uncertainty due to the Russia-Ukraine conflict
- Increased costs of labor, both on-farm and for agribusinesses serving farms
- COVID-19 disruption of labor markets and production

"The rising prices for fuel, fertilizer and other supplies create an unwelcome counterforce to higher commodity prices," said AFBF President Zippy Duvall. "Higher prices for crops are getting a lot of attention right now and of course help farmers balance the books, but when expenses are rising just as quickly or even outpacing revenue, the financial gains evaporate. Right now, there are serious concerns about whether farmers will be able to access the supplies they need to put a crop in the ground."

AFBF is working to ensure the administration and Congress understand the severity and potential implications of increased production costs and the limited availability of some supplies.



CHICKEN BREAST, GROUND BEEF, PORK PRICES SET TO SURGE HIGHER

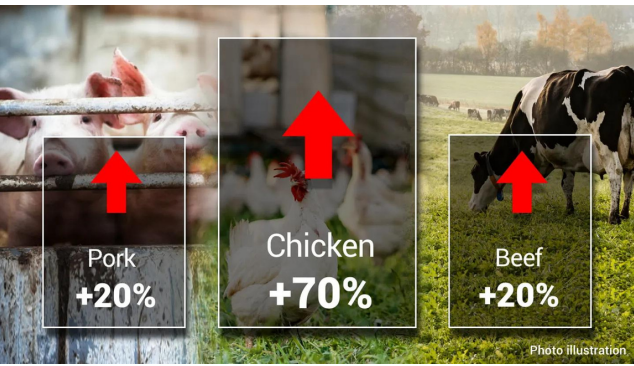
Analysts say the cost of pricier meat cuts should level out this year

Meat and poultry prices are largely expected to continue their climb in the U.S. this year, but pricier cuts like steak should level out according to a new analysis.

Evercore ISI issued a protein inflation note this week projecting that most protein prices are forecasted to increase "substantially" due to the higher feed costs, with chicken breast reaching as high as 70% year-over-year in the first half of 2022.

The analysis said pork and ground beef could climb as high as 20% year-over-year during the same period. However, inflation for pricier cuts like steak is expected to level off or even drop, as consumers shift their buying patterns to more affordable products due to their budgets getting squeezed. Evercore's analysis showed that cost of ribeye and chicken wings could each drop by around 15% in the first half of this year.

"Chicken and hamburger prices are expected to continue rising, while steak prices will likely moderate," said David Palmer, who is a senior managing director of Evercore and leads the firm's Restaurant and Food Producers team. The report pointed to the rising costs of grain that are used to feed livestock, such as wheat, soybeans and corn, as a significant factor contributing to increases in protein prices. Wheat, in particular, skyrocketed following Russia's invasion of Ukraine. "We also note that beef is the least exposed to grain volatility (from the Russia/Ukraine war) as feed makes up roughly 1/4 of production cost versus 50%+ for pork and 70-80% for chicken," Palmer told FOX Business.



2021 WATER DIVERSION & USE REPORTS DUE FOR ALL DIVERTERS

Under the Emergency Regulation for Measuring and Reporting the Diversion of Water adopted by the State Water Resources Control Board (SWRCB) in 2016, all water rights holders must annually report their diversion and use of water to the SWRCB. This year, ALL reports of water diversion and use for January 1 – September 30, 2021 are due this Friday, April 1. The reports must be made electronically using the SWRCB's Report Management System, [here](#).

U.S. & JAPAN - BEEF AGREEMENT

The U.S. & Japan have reached an agreement in principle on the Japanese beef safeguard. As part of the terms of the Japan – U.S. Trade Agreement, both countries entered consultations after the volume-based safeguard was triggered in March 2021. NCBA strongly supported efforts to secure improvements to the beef safeguard that are mutually beneficial for Japanese consumers and American cattle producers. "While the details of the agreement in principle have not been disclosed, NCBA is encouraged that today's announcement means we are taking necessary steps to secure long-term solutions that enable American cattle producers to continue providing Japanese consumers with high-quality U.S. beef at competitive prices. Japan is one of the top export markets for U.S. beef, accounting for over \$2.3 billion in U.S. beef sales in 2021.

CALIFORNIA DROUGHT DEEPENS AS WET SEASON IS ANYTHING BUT

CA is experiencing one of the driest starts to spring in decade. Absent a heavy dose of April and May showers the state's drought will deepen and that could lead to stricter rules on water use and another devastating wildfire season. New readings showed the water in CA's mountain snowpack sat at 38% of average. That's the lowest mark since the end of the last drought in 2015; only twice since 1988 has the level been lower. State officials highlighted the severity of the dismal water numbers as they stood at a snow measuring station south of Lake Tahoe, where the landscape included more grass than snow. At the deepest point measured there, there was just 2.5 inches (6.35 centimeters) of snow. "You need no more evidence than standing here on this very dry landscape to understand some of the challenges we're facing here in CA," said Karla Nemeth, director of the CA Department of Water Resources. "All Californians need to do their part." Nearly all of CA and much of the U.S. West is in severe to extreme drought, according to the U.S. Drought Monitor. Last July, Gov. Gavin Newsom asked people to cut their water use by 15% compared to 2020 levels, but so far consumption is down just 6%. State reservoirs are filled far below normal levels. About 1/3 of CA's water supply comes from melted snow that trickles into rivers & reservoirs. April 1 is when the snowpack typically is at its peak and the date is used as a benchmark to predict the state's water supply in the drier, hotter spring & summer months. The next few weeks will be critical to understanding how much of the melting snow is ending up in state reservoirs instead of evaporating or seeping into parched ground. The nearly 11 in (28 centimeters) worth of water sitting in snow in the Sierra Nevada along CA's eastern edge is the lowest reading since the depth of the last drought 7 years ago, when CA ended winter with just 5% of the normal water levels in the mountains, according to the department. The numbers mark a disappointing end to CA's winter, which began with heavy Dec storms that put the snowpack at 160% of the average. But there has been little precipitation since Jan. 1. A storm that brought significant rain and snow to parts of the state earlier this week did little to change the course of the drought. And warmer than usual temperatures have led to the snow melting & evaporating faster than normal, state officials said. Meanwhile, federal officials announced Friday that municipal & industrial users that rely on water from the Central Valley Project will get less than planned. The project is a 400-mile (644-kilometer) system of reservoirs, canals & dams that stores and delivers water in the central part of the state. About 70 of the project's 270 contractors receive water for household & business use in the ag region that includes the greater Sacramento & San Francisco Bay Area. They had been told to expect 25% of their requested supply earlier this year, but the U.S. Bureau of Reclamation now says they will only get what's needed for critical activities such as drinking & bathing. A lot of urban water use goes to outdoor landscaping. Farmers who rely on water from the federal project were told earlier this year not to expect any water. Newsom's administration has faced some criticism for failing to adopt more aggressive statewide conservation mandates, as former Gov. Jerry Brown did when he called for a 25% cut in water use in 2015, in the 4th year of the drought. That was a mandate, unlike Newsom's call for a voluntary 15% reduction. The state has banned people from watering their lawns after rain. But the administration broadly says local governments are best poised to adopt further restrictions. On Monday, Newsom called on the state water board to consider requiring local governments to move into the second phase of their drought contingency plans, which assume a 20% water shortage. After the last drought, cities & local water districts were required to come up with contingency plans for drought that consider local needs. Some cities will respond to worsening drought by watering parks & other green spaces less or limiting the days people can water their lawns, while others may step up patrols to catch water wasters. Jeffrey Mount, senior fellow at the nonpartisan Public Policy Institute of CA's Water Policy Center, said blanket conservation requirements can be inefficient in such a big state with vastly different conditions across regions. "The only rationale you can give for an absolute, blanket approach is the 'we're all in this together' sentiment," he said. "That's more social than the actual economic and physical reality." Dr. Newsha Ajami, a water expert at the Lawrence Berkeley National Laboratory, said asking local water districts to respond to the drought based on their own needs can be effective, but only if the local plans are strong & properly implemented. She noted the business model of local water suppliers relies on selling water, which can conflict with conservation. Newsom has directed the state water board to consider a ban on watering ornamental grass, such as that on roadway medians or in office parks. Ajami suggested that should also apply to grass on residential lawns if it's "visually pleasing but has no other function."

CattleFAX March 25, 2022

- Fed Cattle** – There was moderate cash trade in the North this week at mainly \$138 live and \$221 dressed, mostly steady with last week. Moderate to active trade developed in the South at \$138 live which was also steady.
- Boxed Beef** – The Choice cutout moved \$5.36 higher this week, while Select added \$1.91/cwt. Seasonal buying interest is increasing, but buyers remain cautious regarding potential impacts of inflation on grilling season demand.
- Feeder Cattle** – Traded mixed at mostly \$2 softer to \$4 higher.
- Calves** – Traded widely mixed from \$5 lower to \$7 higher.
- Market Cows** – Traded \$2 lower to \$4 higher.
- Corn** – Ended the week 12 cents higher

FUEL PRICES HITTING AMERICA'S FARMERS HARD

Rising fuel prices are hitting some farmers hard. So far this season, Betty Allen Farms spent tens of thousands of dollars more on diesel than they're used to. Farmer Keith Allen says these are the most expensive prices he remembers. "It went from \$2.70 a gallon to \$4.70 a gallon," he said. In just over 3 months, a couple million corn stalks will stand in Allen's cornfield. But right now, it's planting season. One tractor preps the soil, another places the seeds, and a sprayer kills winter weeds. His operation requires 20,000 gallons of fuel per year. "That's about two dollars times 20,000. So that's 40,000 dollars extra," Allen said. Allen says the spike in costs will eventually affect consumers. Because as the cost of farming goes up, the cost of groceries will likely follow. "Our nitrogen production is related to the fuel price. So our inputs on our fertilizer side have doubled also, and that's a bigger chunk of the pie," Allen said. "Production costs across their entire bottom line are rising and have been rising for the last few years," said Shelby Myers, an economist with the American Farm Bureau Federation.

AB-1103 AGRICULTURAL LANDS: LIVESTOCK PASS PROGRAM DISASTER ACCESS TO RANCH LANDS

The San Diego County Board of Supervisors unanimously voted to move forward with a feasibility study. On March 15th San Diego / Imperial County Cattlemen's Association acting president Katy Moretti attended this meeting. This bill would authorize, upon the approval of a county board of supervisors, a county ag commissioner, or other designated agency, to establish within the county a livestock pass program for the purpose of issuing identification documents granting any qualifying livestock producer, as defined, or a managerial employee, as defined, of the qualifying livestock producer, access to the qualifying livestock producer's ranch property, or to the ranch property owned by another holder of a livestock pass with permission, during or following a flood, storm, fire, earthquake, or other disaster, as provided. The hope is to get this bill passed for cattle ranchers - other counties have been able to get it passed as Animal Control & other gov agencies do not have the resources to move or care for cattle.