

## Priority 2 Nitrate Management Zone Letters

*By Paul Sousa, Director of Regulatory and Environmental Affairs*

The Central Valley Salinity Alternatives for Long-Term Sustainability (CV-Salts) has been in the works for over a decade and a half. It was adopted by the Central Valley Regional Water Quality Control Board (Regional Board) and the State Water Resources Control Board (State Board) and has been in effect for several years. The Regional Board recently sent out letters to facilities holding water quality permits in the Priority 2 regions of the Central Valley, including dairies, signaling that it is time for those facilities to join a local Nitrate Management Zone. CV-Salts was developed by a coalition consisting of the water boards, permitted facilities, and environmental groups to create a win-win scenario on water quality. People whose domestic wells are impacted by nitrates get bottled water and permitted facilities get more time to meet water quality standards in exchange for supplying drinking water.

The Central Valley was divided into 3 zones (Priority 1 & 2, and the unprioritized zones) depending on the prevalence of nitrate impacts. Priority 1 zones were asked to be the first to form and join Nitrate Management Zones. These are the Modesto, Turlock, Chowchilla, Kings, Kaweah, and Tule groundwater subbasins. Any facility holding a water quality permit in these subbasins has had to participate in nitrate solutions in one way or another. Residents drinking water from a domestic well in these subbasins can get their well tested for free and if the water does not meet drinking water standards, they can get bottled water delivered at no cost to them. Initially, the idea was to focus on nitrate impacts, but it became clear that many residents would remain vulnerable to other water quality contaminants. So, the management zones applied for state grants to do a broad suite of water quality testing. The grant pays for testing and replacement water for contaminants other than nitrates. Other contaminants that have been found to be impacting these wells include uranium and arsenic, which are naturally occurring and have been more commonly found than nitrates in some management zones.

The Priority 1 zones are supplying bottled water and have produced a Nitrate Management Zone Implementation Plan to look at long-term solutions to water replacement and nitrate loading reductions.

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## Weekly Update Delivery Options

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## Struggling with Depression?

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- Phone call interviews with translation services
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For more information, visit: [westernuniteddairies.com/lecheros-unidos](https://westernuniteddairies.com/lecheros-unidos)

## New on Seen & Herd: Did You Lose \$135k in Your Couch Cushion?

Paul Sousa, the Director of Environmental Services & Regulatory Affairs at Western United Dairies, joins us on this episode of Seen & Herd, where he summarizes the PRB Meeting on February 5, 2024, in Modesto. Paul guides us through the meeting's agenda, offering insight into the discussed topics.

Listen to Seen & Herd on your favorite podcast platform or at [wudairies.com](http://wudairies.com).

## California Milk Advisory Board – March Board Meeting

Wednesday, March 6, 2024 – 7:30 a.m.

Thursday, March 7, 2024 – 8:00 a.m.

Wine & Roses

2505 W. Turner Road • Lodi, CA 95242

The CMAB Board meeting is open to any California dairy producer. If interested in attending, please RSVP to Tracy Garza at [tgarza@cmab.net](mailto:tgarza@cmab.net) or 209-690-8252.

## California Dairy Sustainability Summit | March 26, 2024 | Davis

The fourth [California Dairy Sustainability Summit](#) will be held as a one-day event on March 26, 2024, at the UC Davis Conference Center. The Summit brings together the dairy community, along with policymakers, regulators, researchers, supply chain partners, and other stakeholders to discuss the sustainability of California's family dairy farms. [Conference registration is now open.](#)

For those unable to come in person, [virtual registration](#) is complimentary for all dairy farmers using the code DAIRYFARMER.

Virtual registration is also complimentary for all students (code DFASTudent), courtesy of Dairy Farmers of America.

## USDA California Farm Service Agency Offers Assistance to Producers Affected by Recent Winter Storms

California Farm Service Agency (FSA) offers disaster assistance to assist farmers and ranchers in their recovery efforts following recent heavy rains and flooding. Farmers and ranchers who have been affected by recent winter storms can contact their [local Farm Service Agency Office](#) to receive assistance.

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## (continued) Priority 2 Nitrate Management Zone Letters

Priority 2 zones will now be getting started with this process and include the following groundwater subbasins: Delta-Mendota, Eastern Joaquin, Kern, Madera, Merced, Tulare Lake, and Yolo. If your dairy is a member of the Central Valley Dairy Representative Monitoring Program (CVDRMP) there is nothing you must do to respond to the letter from the water board as all CVDRMP paying members are automatically enrolled in their local Nitrate Management Zone (NMZ). The NMZ fees will be collected through CVDRMP invoices. CVDRMP members can attend their annual meeting via Zoom on March 11 from 1:30 to 3:30 p.m. to learn more about this process and ask questions. The CVDRMP recently sent out a newsletter with an invitation to their annual member meeting and more information. Please see that newsletter, which can be found on the CVDRMP website (cvdrmp.org), for instructions on how to

participate in the Zoom meeting.

The Central Valley Water Board is also holding a webinar on this topic on February 29 from 9 to noon. More information on this webinar can be found at [cvsalinity.org](http://cvsalinity.org). It is not necessary to attend this webinar, but you if are looking for more details on CV-Salts and the Nitrate Management Zones and how they are being implemented this webinar can provide that.

For members of the CVDRMP the process to comply with these new requirements is simple and streamlined. Dairies should be aware of what is happening with the Nitrate Management Zones as it will change how dairies, and other permit holders, are regulated but it is not something that will take a lot of your time in the short term if you are a CVDRMP member dairy. •

# DRONE WEBINAR



Learn About Dealing with Drones, Property Owner Rights & What You Can Do to Manage to Drone-Related Incidents



**February 28, 2024**  
**11:00am**

### Keynote Speakers:

Scott Harris, *FAA Special Agent*  
Werner Ritter von Stein, *FAA Team Representative*  
Thomas Waltz, *CCIC*  
Representatives from the Sonoma County Sheriff's Office

### Pre-Submit Questions for Speakers

If you have questions for the presenting speakers to be answered during the webinar, **please submit them to Kyle Lutz at [kyle@wudairies.com](mailto:kyle@wudairies.com).**

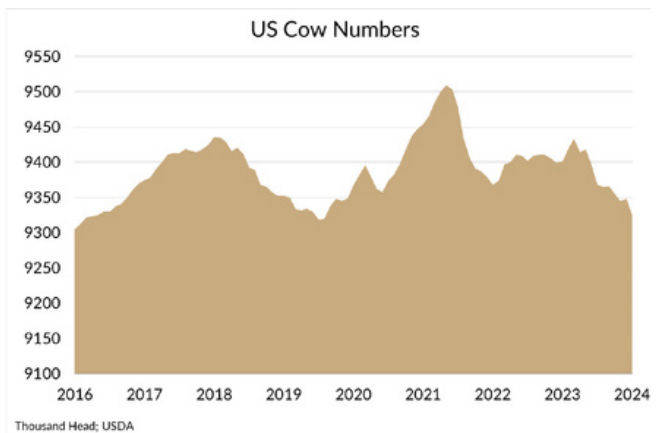
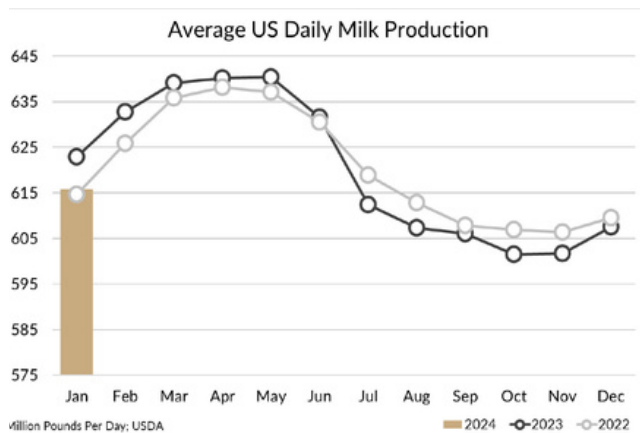
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## WEEKLY MARKET UPDATE

US milk output dropped more than expected in January. Production reached 19.1 billion pounds, down 1.1% on the year — the biggest decline since 2022. Meanwhile, California had its strongest month in a year, with output down just 0.1% versus 2023.

- Cow numbers also tumbled more than anticipated in January. The dairy herd totaled 9.325 million head, down 23,000 on the month and -76,000 versus 2023 thanks in large part to poor farm margins and tight replacement heifer supplies. The shrinking dairy herd reduces chances of a milk output rebound anytime in the near future.
- Barrel supplies remain a little tight, keeping their price elevated above blocks in the low \$1.60s. But slower milk flows and low prices stimulated a bit more activity in spot blocks, which climbed into the mid-\$1.50s.
- Less milk means less butter production. That's keeping butter end-users anxious and played a role in pushing spot prices to the mid-\$2.80s, a level last seen in November. Higher prices are drawing volume out, with 24 lots changing hands.
- Most prices rose again at the latest GlobalDairyTrade event. That, plus the drop in milk output gave some support to the nonfat dry milk market, driving it higher on the week to touch \$1.20 per pound.
- Nearby corn and soybean futures dropped lower again as weak global demand and plentiful supplies cut into prices. March corn dropped below \$4 per bushel, while soybeans landed below the \$11.50-per-bushel mark.
- The USDA Cold Storage report, originally scheduled for February 23, was delayed until noon PT today, February 26.
- USDA announced 2024 Dairy Margin Coverage enrollment will be open February 28–April 29. Payments will start as soon as March 4 for payments triggered in January. The January payment rate will be announced this Thursday (2/29), giving folks an important piece of data with which to make enrollment decisions.



| Dairy Revenue Protection Program  |         |                                       |                         |
|---|---------|---------------------------------------|-------------------------|
|   | Futures | Milk Price (Floor)<br>Guarantee @ 95% | Premium Per CWT<br>(CA) |
| April - June 2024   |         |                                       |                         |
| Class III   | \$18.18 | \$17.27                               | \$0.20                  |
| Class IV  | \$20.66 | \$19.63                               | \$0.19                  |
| July - September 2024   |         |                                       |                         |
| Class III   | \$18.93 | \$17.98                               | \$0.33                  |
| Class IV  | \$21.28 | \$20.21                               | \$0.38                  |
| October - December 2024   |         |                                       |                         |
| Class III   | \$18.70 | \$17.76                               | \$0.43                  |
| Class IV  | \$21.40 | \$20.33                               | \$0.52                  |
| January - March 2025  |         |                                       |                         |
| Class III   | \$18.07 | \$17.17                               | \$0.47                  |
| Class IV  | \$19.26 | \$18.30                               | \$0.57                  |
| April - June 2025   |         |                                       |                         |
| Class III   | \$17.96 | \$17.06                               | \$0.54                  |
| Class IV  | \$18.35 | \$17.43                               | N/A                     |
| *As of 2/23/2024 for 95% coverage, 1.0 Protection Factor                          |         |                                       |                         |
|  |         | Tiffany LaMendola<br>209.768.6313     |                         |

| CME Commodity Prices    |          |          |          |          |          |
|-------------------------|----------|----------|----------|----------|----------|
|                         | Blocks   | Barrels  | Butter   | NDM      | Dry Whey |
| Feb-19                  |          |          |          |          |          |
| Feb-20                  | \$1.5225 | \$1.6075 | \$2.7750 | \$1.1925 | \$0.5100 |
| Feb-21                  | \$1.5150 | \$1.6075 | \$2.7750 | \$1.1950 | \$0.5100 |
| Feb-22                  | \$1.5000 | \$1.6100 | \$2.8125 | \$1.1975 | \$0.5150 |
| Feb-23                  | \$1.5500 | \$1.6150 | \$2.8500 | \$1.2000 | \$0.5225 |
| Average                 | \$1.2175 | \$1.2880 | \$2.2425 | \$0.9570 | \$0.4115 |
| Weekly Change           | 0.0700   | 0.0075   | 0.1000   | 0.0300   | 0.0025   |
| Order 51: Latest Prices |          |          |          |          |          |
|                         | Nov      | Dec      | Jan      | Feb      | Mar      |
| Class I LA              | \$22.05  | \$22.06  | \$20.78  | \$20.29  | \$21.10  |
| Class II                | \$21.21  | \$19.88  | \$20.04  |          |          |
| Class III               | \$17.15  | \$16.04  | \$15.17  |          |          |
| Class IV                | \$20.87  | \$19.23  | \$19.39  |          |          |
| PPD                     | \$1.42   | \$1.51   | \$1.64   |          |          |
| Blend: LA*              | \$18.57  | \$17.55  | \$16.81  |          |          |
| Blend: Tulare*          | \$18.07  | \$17.05  | \$16.31  |          |          |

\*Does not include Quota Deduction

| USDA Dairy Margin Coverage (per CWT)   |        |          |          |                    |  |
|--|--------|----------|----------|--------------------|--|
|  | Month  | All Milk | Feed     | Margin<br>Estimate | Indemnity<br>Estimate @<br>9.50 Margin |
| 2024<br>Program  | Jan-24 | \$ 19.78 | \$ 11.05 | \$ 8.73            | \$ 0.77                                |
|  | Feb-24 | \$ 20.37 | \$ 10.48 | \$ 9.90            | \$ -                                   |
|  | Mar-24 | \$ 20.88 | \$ 10.15 | \$ 10.73           | \$ -                                   |
|  | Apr-24 | \$ 21.11 | \$ 10.21 | \$ 10.90           | \$ -                                   |
|  | May-24 | \$ 21.06 | \$ 10.27 | \$ 10.79           | \$ -                                   |
|  | Jun-24 | \$ 21.21 | \$ 10.35 | \$ 10.85           | \$ -                                   |
|  | Jul-24 | \$ 21.37 | \$ 10.43 | \$ 10.94           | \$ -                                   |
|  | Aug-24 | \$ 21.82 | \$ 10.50 | \$ 11.32           | \$ -                                   |
|  | Sep-24 | \$ 22.28 | \$ 10.55 | \$ 11.72           | \$ -                                   |
|  | Oct-24 | \$ 22.58 | \$ 10.60 | \$ 11.98           | \$ -                                   |
|  | Nov-24 | \$ 22.82 | \$ 10.66 | \$ 12.16           | \$ -                                   |
|  | Dec-24 | \$ 22.33 | \$ 10.73 | \$ 11.60           | \$ -                                   |
| Estimates only. As of 2/23/2024 and based on futures markets which can change daily. |        |          |          |                    |  |

