



# MINUTES

## Effects of Flooding on Livestock Industry Study Committee

November 19-20, 2008

---

### MEMBERS PRESENT:

Senator Gene Fraise, Co-chairperson  
Senator Jerry Behn  
Senator David Johnson  
Senator John P. "Jack" Kibbie  
Senator Roger Stewart (first day only)

Representative Dolores Mertz, Co-chairperson  
Representative McKinley Bailey  
Representative Sandy Greiner  
Representative Tom Sands  
Representative John Whitaker

---

## MEETING IN BRIEF

.....

Organizational staffing provided  
by: Doug Adkisson, Senior Legal  
Counsel, (515) 281-3884

Minutes prepared by: Tim  
Whipple, Legal Counsel,  
(515) 281-3444

### Wednesday, November 19, 2008:

- I. Procedural Business
- II. Summary of the Agriculture and Environment Task Force Report to the Rebuild Iowa Advisory Commission
- III. Livestock Health and Carcass Disposal Panel
- IV. A Firsthand Account of the Oakville Experience
- V. 2008 Corn and Soybean Crop Planting and Harvesting and Forage Availability
- VI. Potential Impacts Caused by the Flood on Supplies of Feed Grain
- VII. State Climatic Conditions

### Thursday, November 20, 2008:

- VIII. Short-term and Long-term Effects on the Livestock Industry
- IX. Federal Assistance to Livestock Producers
- X. Experiences of Pork Producers
- XI. Committee Discussion and Recommendations
- XII. Materials Filed With the Legislative Services Agency



## Effects of Flooding on Livestock Industry Study Committee

---

### I. Procedural Business

**November 19.** The Effects of Flooding on Livestock Industry Study Committee was called to order by Co-chairperson Fraise at 10:13 a.m. on November 19, 2008, in Room 103 (the Supreme Court Chamber) of the State Capitol. The Committee temporarily recessed for lunch at 12:00 p.m. and reconvened at 1:20 p.m. The Committee recessed for the day at 3:25 p.m.

**November 20.** The Committee reconvened at 1:05 p.m. on November 20, 2008. The Committee adjourned at 3:00 p.m.

### II. Summary of the Agriculture and Environment Task Force Report to the Rebuild Iowa Advisory Commission

**Presentation.** Co-chairperson Fraise recognized Mr. Harold Hommes, Bureau Chief, Agricultural Marketing Bureau, Department of Agriculture and Land Stewardship. Mr. Hommes served as staff to the task force.

Mr. Hommes discussed a number of issues, including the impact of the flood upon Oakville with direct losses to livestock and associated structures (affecting 21 confinement feeding operations inundated because of a levee breach), and limited pollution caused by damage to manure storage structures which were less than one-third full. Iowa's current regulations limiting construction of confinement feeding operations in floodplains were credited with minimizing a potential disaster. State law is ambiguous regarding the authority of state agencies to enter private property to remove carcasses, debris, or hazardous materials during a time of emergency.

Mr. Hommes also discussed indirect impacts from the flood, including losses of crop and forage acreage and the dramatic reaction by grain markets (statewide corn prices peaking on June 27, 2008, at \$6.97 per bushel and statewide soybean prices peaking on July 3, 2008, at \$15.68 per bushel). There was some disruption in processing operations at Waterloo, Columbus Junction, Ottumwa, and out-of-state locations, and many farm-to-market roads were damaged. The task force concentrated primarily on crop losses (90 percent of crops were insured) and soil erosion.

**Committee Questions.** Co-chairperson Fraise expressed admiration for how quickly grain and livestock were removed in anticipation of the flooding and commended local farmers for assisting each other and the community. Representative Greiner inquired about the adequacy of grain supplies and the direction of feed prices. Mr. Hommes stated that not only were grain exports down but that the harvest this year was a near record, and he expressed optimism that this would ease pressure on grain supplies.

Committee members also discussed the authority of the Department of Natural Resources (DNR) and the Department of Agriculture and Land Stewardship (DALs) to enter onto private property during an emergency. According to Mr. Hommes, while there were no complaints about the departments' actions in this regard during this year's floods, several Committee members expressed a desire to clarify the authority to enter and remove private property in an emergency.



### III. Livestock Health and Carcass Disposal Panel

**Presentations.** Co-chairperson Fraise recognized Dr. David Schmitt, State Veterinarian, and Dr. Kevin Petersburg, Veterinarian Animal and Plant Inspection Service, Veterinary Services, United States Department of Agriculture. Drs. Schmitt and Petersburg provided an overview of efforts to rescue or, if necessary, destroy livestock during the flood and to dispose of livestock carcasses left by the flood, emphasizing the losses incurred at Oakville.

Dr. Schmitt discussed efforts to rescue and return pets to their owners; described assistance provided by citizens, local governments, the DALs, the DNR, the United States Department of Agriculture (USDA), and the Department of Homeland Security's Federal Emergency Management Agency to capture and remove livestock and wildlife; and emphasized the role of nongovernmental organizations in rescuing animals. Dr. Petersburg described the efforts of the USDA's Animal and Plant Health Inspection Service during the flood, describing efforts to clean up swine carcasses on both public and private lands, and overseeing work performed by Clean Harbors Environmental Services, a private company operating under contract with the USDA.

Many producers made heroic efforts to evacuate swine from threatened areas, saving up to 37,000 head, and of the animals that could not be relocated and subsequently died, 371 carcasses were removed from public access areas and 1,160 carcasses were removed from confinement buildings in the course of 28 days (the carcasses were disposed of in a landfill facility in Morrison, Illinois). Dr. Petersburg identified several challenges, including contacting swine producers to obtain permission to access private property in times of emergency for rescue and removal efforts, and to obtain a declaration of immediate threat to public health and safety from a state agency to allow the removal of property from private property absent landowner approval, and the need to establish a method to streamline the process of issuing an emergency declaration. Drs. Schmitt and Petersburg also discussed the importance of the National Animal Identification System, which allows producers to voluntarily register contact information with the DALs.

**Committee Questions.** Representative Greiner asked about certain requirements for federal assistance in retrieving animal carcasses. Dr. Petersburg explained that a state must first proclaim a threat to the public health and safety before personnel of the Animal and Plant Inspection Service may enter private property and remove animal carcasses.

### IV. A Firsthand Account of the Oakville Experience

**Presentation.** Co-chairperson Fraise recognized Mr. Al Muhlenbruck, Marketing Manager, TriOak Foods, Oakville. Mr. Muhlenbruck described efforts to prepare for the flood in Oakville, including volunteer efforts to sandbag and evacuate persons and animals, and he noted that virtually all grain in local farmers' bins was removed prior to the disaster. TriOak suffered \$3.5 million in losses due to the damage of grain supplies, infrastructure, rolling stock, and operational disruptions. At the request of Dr. Schmitt, the company allowed nongovernmental organizations to rescue as many live swine as possible from its operations. Mr. Muhlenbruck also described personal experiences in recovering animal carcasses. Other economic sectors suffered losses, including utilities, banking, and retail establishments. A number of hardships face producers, including limited cash flow, the loss of crops, the loss of manure saved for application, and



## Effects of Flooding on Livestock Industry Study Committee

---

increased prices for feed, additional costs for providing care to moved animals, and losses incurred in production from animals moved to inadequate facilities. Mr. Muhlenbruck discussed concerns about the condition of the repaired levee and whether a permanent levee would be reconstructed.

**Committee Questions.** Committee members discussed the state of the levees in the Oakville area. Mr. Muhlenbruck stated that the levee at Oakville was topped by the flood waters even before it was breached, and he recommended building the levees north of St. Louis as strong as the levees to the south. Mr. Muhlenbruck also discussed the need for communities to have better information and resources for maintaining their levees during flooding. Committee members also discussed the status of the roads in the Oakville area and how they might be repaired.

### V. 2008 Corn and Soybean Crop Planting and Harvesting and Forage Availability

**Presentations.** Co-chairperson Fraise recognized Dr. Roger Elmore, Extension Corn Specialist, Professor of Agronomy, Iowa State University; Dr. Palle Pedersen, Extension Soybean Agronomist, Iowa State University; and Dr. Stephen K. Barnhart, Agronomy – Forages Extension, Iowa State University.

Drs. Pedersen and Elmore discussed the forced late planting and replanting of soybeans and corn, noting statistical evidence indicating that early planting in the spring will yield greater harvests than late planting in June. Dr. Pedersen explained that, despite late soybean planting, Iowa is expected to produce a harvest of 442 million bushels in 2008 as compared to a harvest of 448 million bushels in 2007. Nationwide, the corn harvest is expected to be 2,921 million bushels in 2008 as compared to a harvest of 2,676 million bushels in 2007. Favorable weather conditions allowed soybeans to mature into late fall, including continued rain in July, cool temperatures that helped delay maturity, a mild September, and most importantly, a late statewide frost. Soybean composition appears to be fairly good, with a higher oil and protein content than expected.

Dr. Elmore echoed the positive impact of fair weather upon Iowa's corn crop, stating that the national corn harvest is estimated to be 12.02 billion bushels, with the Iowa corn harvest estimated at 2.15 billion bushels. Issues for producers include high grain moisture at harvest, low test weight, and the potential for mycotoxins fed to livestock and particularly dairy cattle. Higher than normal and more frequent than normal rainfall limited forage yields. Most first crop hay was harvested at a mature, low feed quality stage, with following second, third, and sometimes fourth harvests delayed past normal harvest times. Dr. Barnhart noted that rain delays and prolonged drying conditions caused later cuttings to have lower than desired quality. However, many of the pastures recovered well, and pasture conditions are generally good across the state.

**Committee Questions.** Co-chairperson Fraise inquired about the relative ease of developing both wet-resistant and drought-resistant soybeans. Dr. Pedersen explained that it appeared easier to develop drought-resistant plants. Committee members discussed the effect of the floods on soil nutrients, the extent of soil erosion, and the variability of yields across disparately impacted areas of the state. Representative Sands inquired about certain biological traits of grain and the impact such traits might have on how well grain can be dried before storage. Dr. Elmore responded that



the levels of starch in corn have increased and that the longer growing season this year has resulted in less natural dry down conditions for corn before storage.

### **VI. Potential Impacts Caused by the Flood on Supplies of Feed Grain**

**Presentations.** Co-chairperson Fraise recognized Mr. Lanny Hillyard, Area Sales Manager, Land O'Lakes Purina Feed, Mediapolis, and Mr. Dennis Francik, Feed Department Manager, East Central Iowa Coop, Hudson.

Mr. Hillyard briefly discussed his experiences in evacuating family members and neighbors along the Mississippi River during the flood. Mr. Hillyard discussed the recent experiences of cooperative associations, feed dealers, and livestock producers throughout the state, noting that swine production has increased, beef cattle production has decreased, and dairy production has remained steady. Mr. Hillyard stated that the flood caused serious short-term problems but he does not anticipate significant long-term consequences affecting feed supplies, other than lower protein content in soymeal and a greater risk of toxins in distillers dried grains.

Mr. Francik discussed his experience in managing grain warehouses in Black Hawk County, noting that the Cedar River caused extensive damage to operations, but that the city of Cedar Falls is working with the East Central Iowa Coop to relocate facilities to a location that may be more appropriate in the long run. Committee members discussed cow-calf operations and Mr. Hillyard noted that there is a trend toward groups of producers beginning new operations. Committee members stated that Iowa should work to encourage new and expanded cow-calf operations and new or expanded processing facilities in the state.

**Committee Questions.** Representative Greiner asked about the likely price and availability of grain for the summer of 2009. Mr. Hillyard replied that grain supplies might be tighter next year, and that while there will be grain available, it may have to be transported farther. Because of the increased demand and increased transportation costs, Mr. Hillyard believes that feed prices will likely increase next year. Committee members then discussed the fluctuations in the cattle and hog markets, including the causes of the fluctuations and the impact on Iowa producers. Committee members also discussed the impact that the closing of the Agriprocessors Inc. beef processing plant in Postville has had on the ability of cattle producers to market their cattle. Senator Kibbie noted that for some producers, the next nearest beef processor is located in Grand Island, Nebraska.

### **VII. State Climatic Conditions**

**Presentation.** Co-chairperson Fraise recognized Mr. Harry Hillaker, State Climatologist. Mr. Hillaker explained that the flooding in the spring and early summer of 2008 was in part a result of wet conditions occurring in the fall of 2007 and winter of 2007 and 2008. Precipitation records have been kept for 137 years and in 2007 Iowa experienced its wettest August, its fourth wettest October, its second wettest December, and overall its second wettest period of August through December. In December 2007, Iowa had 6.1 more inches of snow than normal, in January 1.7 more inches of snow than normal, and in February 9.5 more inches of snow than normal. It was the twenty-first coldest winter, which inhibited snow melt.



## Effects of Flooding on Livestock Industry Study Committee

---

During 2008, Iowa experienced the twelfth wettest spring, with the nineteenth coolest spring slowing the rate of drying, the second wettest April, and the twenty-fourth wettest May. From May 29 to June 12, Iowa experienced a statewide average of 9.03 inches of rainfall compared to a normal 15-day average of 2.30 inches. Compared to 1993, the heaviest rains in 2008 arrived earlier and occurred during a shorter period than in 1993, however, inclement weather was more persistent in 1993, and the growing season was less favorable than in 2008. Mr. Hillaker also identified certain climatic trends, including warmer winters and springs, less extremely hot summers, and higher annual temperatures (similar to the 1830s and 1930s).

**Committee Questions.** Committee members discussed the likelihood of more wet years in the future. Representative Bailey asked whether future weather patterns hold the potential for greater volatility. Mr. Hillaker replied that more volatile patterns are likely, and that while it is difficult to predict how long the current weather patterns will last, the best course of action is to prepare for more wet years.

### VIII. Short-term and Long-term Effects on the Livestock Industry

**Presentations.** Co-chairperson Mertz recognized Dr. Maynard Hogberg, Professor and Chair, Department of Animal Science, College of Agriculture Animal Science, Iowa State University, and Dr. John Lawrence, Professor of Agriculture, Department of Economics, and Director of the Beef Center, Iowa State University.

Drs. Hogberg and Lawrence provided a joint presentation discussing a number of consequences of the flood and its short- and long-term effects on the livestock industry. Dr. Lawrence briefly discussed pasture damage and lost grazing opportunities, fence damage, damage to overstocked wet pastures, and increased feed prices. The impact from precipitation on hay production was more widespread than flooding, and this may result in a lower quality and quantity of available forage stocks during the winter. Dr. Lawrence commented on the effect of corn processing facilities being temporarily closed in Cedar Rapids and its effect on cattle feeders who depend upon supplies of wet corn gluten feed, and the short- and long-term increases in feed prices. A number of ongoing factors have resulted from inclement weather, including higher grain drying costs, possible delays in manure application in 2009, and diminished grain and forage quality.

**Committee Questions.** Representative Greiner asked about the effects on consumers of lost production in the livestock industry. Dr. Lawrence stated that production in the poultry industry is down as much as 10 percent and that production is also down in the swine and cattle industries. According to Dr. Lawrence, less production means tighter supplies and increases in the prices consumers pay for food.

Committee members discussed international agricultural markets and trade including the changing, globalized nature of the livestock markets. Committee members also discussed the role of insurance in grain farming and livestock production.

Senator Johnson inquired as to the conditions that must exist to increase livestock processing capacity, especially beef. Dr. Lawrence replied that the packing industry locates its facilities nearest the areas of greatest production. According to Dr. Lawrence, Iowa has the lowest number



of cattle on feed since 1948 and the packers take this into account when making processing capacity changes.

### **IX. Federal Assistance to Livestock Producers**

**Presentations.** Co-chairperson Mertz recognized Mr. Derryl McLaren, Iowa State Executive Director, Farm Service Agency, United States Department of Agriculture; Mr. Brian Gossling, Farm Loan Program Director, Farm Service Agency, United States Department of Agriculture; and Ms. Robin Holcombe, Conservation/Compliance Program Specialist, Farm Service Agency, United States Department of Agriculture.

Mr. McLaren, Mr. Gossling, and Ms. Holcombe discussed a number of federal programs designed to assist livestock producers affected by natural disasters, including flooding. Mr. McLaren and Mr. Gossling discussed general loan programs available to assist family-size farmers and ranchers who have difficulty obtaining credit from a bank, a Farm Credit System institution, or other lender. The federal Farm Service Agency provides emergency loans that allow borrowers to obtain credit directly from the government to assist in the recovery from production and physical losses due to natural disasters, and producers may also obtain operating loans and farm ownership loans (direct and guaranteed) to assist in natural disaster recovery. Every county that has been designated in a disaster declaration is eligible for emergency loans.

Mr. McLaren and Ms. Holcombe discussed the Livestock Indemnity Program as authorized in the Food, Conservation and Energy Act of 2008 (the 2008 Federal Farm Bill). The USDA is currently drafting rules to implement the program. Under the program, the payment for eligible livestock would be 75 percent of the fair market value of livestock losses and contract growers (poultry, laying hens, and swine) are paid 75 percent of the average income loss sustained.

**Committee Questions.** Senator Kibbie inquired about the USDA's loan programs. Mr. Gossling replied that producer loans and rural development loans are administered differently by the agency. Loans for ethanol producers and other rural development programs are handled as agricultural business development. Mr. Gossling also stated that the USDA is often the lender of first opportunity, especially for beginning farmers, rather than the lender of last resort. Committee members also discussed the eligibility requirements of the USDA's Livestock Indemnity Program. Ms. Holcombe stated that interested applicants could contact their local Farm Service Agency office with any questions.

### **X. Experiences of Pork Producers**

**Presentation.** Co-chairperson Mertz recognized Mr. Bob McCulley, Manager, TriOak Foods, Oakville. The Committee briefly discussed the experiences of local producers with Mr. McCulley, who explained ongoing hardships experienced by producers in the area and their diligent efforts to rebuild their operations. Other producers were unable to provide testimony as planned. Co-chairperson Mertz directed the Legislative Services Agency to contact those producers and report results of the interviews to the Committee.

**Committee Questions.** Committee members discussed the experiences of local swine producers with Mr. McCulley. Topics of the discussion included the extent of damage to facilities, the



## Effects of Flooding on Livestock Industry Study Committee

---

adequacy of the insurance coverage carried by the producers, the eligibility for federal assistance, and recommendations for the future. Mr. McCulley stated that most of the producers in the area sustained heavy damage to their facilities, but that most were operating again. While most of the producers carried drowning insurance on their livestock, they often did not carry home or crop insurance that covered flood damage. Many of the producers had incorporated their businesses and were thus ineligible for assistance from the Federal Emergency Management Agency. Mr. McCulley concluded by expressing his concern over the adequacy of the current temporary levee and recommended that the permanent levee be repaired as soon as possible.

### **XI. Committee Discussion and Recommendations**

The Committee discussed the presentations received during the two days and made two recommendations:

1. In accordance with a declaration issued by the Governor, a state agency be authorized to immediately enter onto private land during an emergency, if necessary, to rescue livestock or remove carcasses when it is impossible or impracticable to obtain permission from the landowner.
2. An expedited process be established to allow qualified persons authority to clean up the premises of a livestock operation which has been impacted by a disaster before the resulting situation poses a hazard to human health.

### **XII. Materials Filed With the Legislative Services Agency**

The following materials listed were distributed at or in connection with the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the <Additional Information> link on the Committee's Internet webpage:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=236>

1. Tentative Agenda.
2. Proposed Committee Rules.
3. Background Statement, submitted by Mr. Adkisson, Legislative Services Agency.
4. Presentation, The Iowa Floods of 2008 Impact on Livestock, submitted by Mr. Hommes.
5. Presentation, A Summary of the Efforts by the Department of Agriculture and Land Stewardship to Rescue and Maintain Livestock, submitted by Dr. Schmitt.
6. Written Testimony of Dr. Petersburg.
7. Presentation, Experiences of TriOak Foods During the Flood, submitted by Mr. Muhlenbruck.



8. Presentation, Issues Involving the 2008 Soybean Crop Planting and Harvest, submitted by Dr. Pedersen.
9. Presentation, 2008 Corn Planting to Harvest, submitted by Dr. Elmore.
10. Materials on the Forage Production Situation in Iowa - 2008, submitted by Dr. Barnhart.
11. Presentation, Experiences During the Flood (Impacts on Supplies of Feed Grain), submitted by Mr. Hillyard.
12. Presentation, The Iowa Floods of 2008: An Historical Perspective, submitted by Mr. Hillaker.
13. Presentation, Effects of the Flooding on Livestock and Poultry Producers, submitted by Dr. Hogberg.
14. Materials on Farm Service Agency Loan Programs to Assist Farmers During an Emergency, submitted by Mr. Gossling.
15. Materials on the Livestock Indemnity Program, submitted by Ms. Holcombe.

37171C