



FINAL REPORT

Effects of Flooding on Livestock Industry Study Committee

January 2009

MEMBERS

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Senator Jerry Behn
Senator David Johnson
Senator John P. "Jack" Kibbie
Senator Roger Stewart

Representative Dolores Mertz, Co-chairperson
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AUTHORIZATION AND APPOINTMENT

The Effects of Flooding on Livestock Industry Study Committee was established by the Legislative Council and charged to “consider the effects of the 2008 flooding on the Iowa livestock industry, including commodity prices, differential effects on small and large producers, financing issues, and effects on businesses associated with the livestock industry. The Study Committee shall consult with experts who can provide options to address the challenges being confronted.”



Effects of Flooding on Livestock Industry Study Committee

I. Committee Proceedings

The Committee conducted a two-day meeting at the Statehouse during the 2008 Legislative Interim. The Committee met on Wednesday and Thursday, November 19 and 20, 2008.

II. November 19 and 20, 2008, Meeting

A. Overview

The Committee adopted rules and elected Senator Fraise and Representative Mertz as permanent co-chairpersons. The Committee considered presentations by public officials and private citizens, including representatives of a number of state and federal agencies and individuals experiencing direct hardship from the flood.

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

Mr. Harold Hommes, Bureau Chief, Agricultural Marketing Bureau, Department of Agriculture and Land Stewardship, served as staff to the Agriculture and Environment Task Force of the Rebuild Iowa Advisory Commission established by Governor Chet Culver July 1, 2008.

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 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 flooding, several Committee members expressed a desire to clarify the authority to enter and remove private property in an emergency.

C. Livestock Health and Carcass Disposal Panel

Dr. David Schmitt, State Veterinarian, and Dr. Kevin Petersburg, Veterinarian Animal and Plant Inspection Service, Veterinary Services, United States Department of Agriculture, 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.

D. A Firsthand Account of the Oakville Experience

Mr. Al Muhlenbruck, Marketing Manager, TriOak Foods, Oakville, 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 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.

E. 2008 Corn and Soybean Crop Planting and Harvesting and Forage Availability

Dr. Roger Elmore, Extension Corn Specialist, Professor of Agronomy, and Dr. Palle Pedersen, Extension Soybean Agronomist, Iowa State University (ISU), 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



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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 late-season 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. Stephen K. Barnhart, Agronomy – Forage Extension, ISU, 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.

F. Potential Impacts Caused by the Flood on Supplies of Feed Grain

Mr. Lanny Hillyard, Area Sales Manager, Land O'Lakes Purina Feed, Mediapolis, 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 soybean meal and a greater risk of toxins in distillers dried grains.

Mr. Dennis Francik, Feed Department Manager, East Central Iowa Coop, Hudson, 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 term. 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.

G. State Climatic Conditions

Mr. Harry Hillaker, State Climatologist, DALS, 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.



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).

H. Short-term and Long-term Effects on the Livestock Industry

Dr. Maynard Hogberg, Professor and Chair, Department of Animal Science, College of Agriculture Animal Science, ISU, and Dr. John Lawrence, Professor of Agriculture, Department of Economics, and Director of the Beef Center, ISU, 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.

I. Federal Assistance to Livestock Producers

A summary of federal farm programs was provided by representatives of the Farm Service Agency, USDA, including Mr. Derryl McLaren, Iowa State Executive Director; Mr. Brian Gossling, Farm Loan Program Director; and Ms. Robin Holcombe, Conservation/Compliance Program Specialist. 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.



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J. Experiences of Pork Producers

Mr. Bob McCulley, Manager, TriOak Foods, Oakville, and the Committee briefly discussed the experiences of local producers. Mr. McCulley 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. Mr. Adkisson reported that those producers were not available for further comment.

III. 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.

IV. 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.

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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.
16. Committee Minutes, November 19 and 20, 2008.

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