

CDI Letter

October 2009



A sneak peek at the new CDI newsletter

At the mid-year membership meetings held on September 29, 30 and October 1, Tony Mendes, Chairman of the Board of Directors, announced several ongoing changes occurring within CDI. One of the changes mentioned involves the monthly CDI newsletter.

Upon a recommendation from the Producer Relations & Communications Committee, the newsletter will undergo a "make-over" to bring forth and emphasize CDI-specific news. Two of the staple columns from the prior version of the newsletter – Dairy Cares and Money Talk – will be discontinued in the new version of the CDI newsletter. However, members who have enjoyed these regular columns may still access the information via the Internet.

A full complement of past and current monthly articles that tell the positive story of how California dairy farmers have worked and continue to work with regulators to improve air and water quality can be found on the Dairy Cares website at <http://www.dairycares.com/> and then clicking on the "News Room" icon.

The milk pricing information that was contained in the Money

Talk section of the CDI newsletter can be accessed on the CDI website at <http://www.californiadairies.com> and then clicking on the "Quality Programs" icon. This will bring the member to a password protected site that contains the weekly membership update, which is posted every Friday afternoon. The one-page update summarizes dairy commodity activity for the week and provides a milk price forecast based on the latest information available. Current milk production and U.S. cow slaughter numbers are also presented in the update. In the same area of the website, historical milk price information is available by clicking on the "Prices" icon at the top of the page. Access to this information requires a user identification and a password, both of which can be obtained by contacting Larry Collar at (559) 741-2386.

One final change will be implemented to bring members closer to the inner-workings of their cooperative. The new CDI newsletter will have regular situation and outlook articles submitted by the CEOs from CDI, DairyAmerica and Challenge Dairy Products.

News Briefs

▲ **California Law Changes** – Governor Schwarzenegger has signed three bills into law that affect the dairy industry. SB 32 (Negrete-McLeod) will adjust utility regulations and increase electrical rates on power sold from manure digesters. AB 1249 (Galgiani) provides more latitude and flexibility with dead animal hauling. SB 135 (Florez) prevents tail docking in cattle except in emergency situations. In general, the dairy industry supported the passage of SB 32 and AB 1249, and was neutral on SB 135.

▲ **DFA Wins Lawsuit** – A California Superior Court has ruled in favor of DFA who sued Cacique, Inc. (a cheese manufacturer) for breach of contract. A judgment of \$14.3 million was handed down as well, most of it in damages to DFA when Cacique terminated its contract without proper notice.

In Memoriam

With heavy hearts, we report the recent loss of two CDI members. Harriet te Velde of Visalia passed away on September 24th after a prolonged battle with cancer. Harriet, a native Californian, was born in Bellflower and attended Long Beach State University. After marrying Bernard te Velde, they began their life-long career in dairy farming in Chino. The te Veldes relocated to Visalia in 1992. Harriet is survived by Bernard, her husband of 53 years, five children, 24 grandchildren and one great grandchild.

Carlos Monteiro of Riverdale, a dairy producer for 22 years, passed away at his home in Hanford on September 30th. Carlos emigrated from the Azores with his brothers and worked for Areias Brothers Dairy, another CDI member, before starting dairies of their own. Carlos is survived by his wife Rosa Marie Monteiro, his son Mike, three brothers, three sisters, their spouses and multiple nieces and nephews.

The dairy industry is in the midst of a troubling period, made more challenging by the passing of a loved one. We send our heartfelt condolences out to the te Velde and Monteiro families for their great losses and wish them the best during these emotionally difficult times.



Dairy CARES Report

Measuring progress on groundwater protection

California dairy families have undertaken a historic effort to protect water resources across the Central Valley, and the good news is, they are making significant progress. More than two years ago, state water quality officials adopted the nation's toughest water quality protection measures. Since then, dairy operators have swung into action, teaming up with regulators and experts from the state's universities, private sector and others to get the job done.

While the regulations are lengthy and complex, the goal is simple: Proper management of manure from dairy cows. Some choose to describe manure as "waste," but this simply isn't accurate. Manure is a valuable agricultural resource, which when used properly and in harmony with growing crops, is a natural organic fertilizer and soil builder. Nevertheless, this resource must be managed carefully. That means storing manure properly until it is ready to use, and then making sure it is applied to crops at proper rates and timing to minimize risk of runoff or over-application.

To achieve this seemingly simple goal takes experience, skill and training. Dairy operators must not only be experts at caring for their cows and producing high quality milk – they also have to be excellent, skilled crop farmers. That means taking extensive samples of harvested crops, manure, soil and water so they can be sure that the nutrients (fertilizer) applied to the growing crops are in balance with the needs of the plants. In addition, farmers must carefully manage irrigation to prevent runoff.

To date, California dairy operators have already developed "nutrient management plans" which describe the types of crops grown on their farms, amounts of nutrients applied, and a testing regime to ensure that a proper balance is maintained. Much time and effort – and a great deal of money – has been invested to comply with the new regulations. Dairy operators and their associations have also worked collaboratively through efforts such as the California Dairy Quality Assurance Program (www.cdqa.org), which has provided thousands of hours of free classroom education to dairy farmers, their employees and dairy industry professionals to increase understanding of the regulations and provide helpful tools, guidance and assistance in reaching compliance.

Some of the most complex and difficult requirements are still to come. An important goal going forward – and a requirement under the new regulations – is to monitor the effectiveness of these management measures in actually protecting water resources. This is important: Dairy families need to know their hard work and investment is protecting the water we all depend on, and that their investment is not being wasted. The people of California also want to know that ever-scarcer water supplies, central to our economy's future health, are managed and protected.

To realize this goal, the regulations call for groundwater monitoring so that water quality trends can be measured and the effectiveness of management activities can be verified. Unfortunately, groundwater monitoring is extraordinarily expensive and can place a huge financial burden on dairy farm families, even as they struggle to survive in a tough economic climate that has driven many toward bankruptcy.

For this reason, Dairy Cares coalition members are now working closely with the Central Valley Regional Water Quality Control Board,

technical experts and other stakeholders to develop a groundwater monitoring alternative plan that, if successful, will reduce costs significantly while providing needed water quality data more efficiently, quickly and effectively. Progress has already been made. We hope to develop the plan and provide further details through our member organizations in coming weeks and months – dairy producers should watch their trade association newsletters and CDQAP bulletins for additional details.

For now, it is important to remember that California dairy families have already made significant progress in water quality protection and continue to be hard at work, every day, in meeting this responsibility. Consumers, too, can be proud when they consume milk or dairy produced in California, knowing that those products come from farms that meet the toughest environmental standards in the nation.

CDI Members recognized for milk quality

As the 2009 county fair season comes to a close, CDI members once again achieved outstanding milk quality results at three valley fairs – Tulare County, Fresno County and Kings County. In repeat performances from 2008, Five Star Dairy II and Bos Dairy were named overall Grand Champions in the Tulare and Fresno competitions, respectively. Larry Collar, who oversees CDI's producer milk quality programs says, "The number of members listed here and their consistency at winning these prestigious awards continues to verify the top quality milk our members regularly produce." Congratulations to our members for producing the best quality milk in the largest dairy counties in the U.S.!

Tulare County

Medium: 800 to 1,500 cows

Five Star II Dairy – Rick, Mike, Danny & Steve Faria

SCC: 69,500 SPC: 1,140 Coli: 10

(Named Grand Champion as well)

Large: 1,500 cows or more

Twin River Dairy – Johnny Roeloffs & Family

SCC: 90,100 SPC: 3,333 Coli: 12

Fresno County

Medium: 500 to 1,000 cows

Bos Dairy – Jim Bos

SCC: <50,000 SPC: <1,000 Coli: 10

(Named Grand Champion as well)

Kings County

Small: 500 cows

Francisco Ribeiro Dairy – Francisco Ribeiro

SCC: 61,000 SPC: 2,000 Coli: 10

Medium: 500 to 1,000 cows

Tony de Groot Dairy #2 – Tony de Groot

SCC: 66,000 SPC: 1,000 Coli: 12

MONEY TALK

MILK PRICES

October (So. California)

	2009	vs.	2008
Class 1	\$14.02		\$18.50
Class 2	\$11.30		\$16.80
Class 3	\$11.02		\$16.53
Class 4a*	\$11.29		\$13.54
Class 4b*	\$12.88		\$16.63

September

	2009	vs.	2008
Quota*	\$12.77		\$17.92
Overbase*	\$11.07		\$16.22

October

	2009	vs.	2008
Quota*	\$13.63		\$17.14
Overbase*	\$11.93		\$15.44

Commodity Prices • Butter

	2009	vs.	2008
9/11	\$1.1725		\$1.6600
9/18	\$1.2365		\$1.6920
9/25	\$1.2640		\$1.7395
10/2	\$1.2430		\$1.7580
10/9	\$1.2580		\$1.6980

Cheese (Block)

	2009	vs.	2008
9/11	\$1.2700		\$1.8625
9/18	\$1.2915		\$1.9260
9/25	\$1.3880		\$1.9680
10/2	\$1.4185		\$1.8450
10/9	\$1.4670		\$1.8500

Dry Whey (Dairy Mkt. News)

	2009	vs.	2008
9/11	\$1.3200		\$0.2275
9/18	\$0.3200		\$0.2100
9/25	\$0.3250		\$0.2000
10/2	\$0.3300		\$0.1850
10/9	\$0.3325		\$0.1850

Nonfat Dry Milk • CWAP

	2009	vs.	2008
9/11	\$0.9547		\$1.3312
9/18	\$0.9570		\$1.2575
9/25	\$0.9575		\$1.1569
10/2	\$0.9580		\$1.0925
10/9*	\$0.9600		\$0.9996

*Estimate

Quality

Bedding affects mastitis

Corner

Time is running out if you haven't decided which bedding material to use this winter. Winter rains are predicted to be above normal this year, and that will spell trouble for members that don't have an ample supply of good bedding available on hand and under cover.

When you think of bedding material, the catch phrase to remember is cows must be clean, dry and comfortable to remain healthy and produce the maximum amount of milk. What you decide to use and how you manage it can have a significant impact on herd average somatic cell counts (SCC).

Researchers found if a large number of your springing heifers and fresh cows have SCC's above 200,000 during their first month of lactation, you may have a bedding material problem. Most of these elevated cell counts are due to infections that occur during the last two weeks before cows are dried off or during the first 21 days or so in the dry pen. About 60 percent of new udder infections in older cows occur during these two periods. These statistics underscore the importance for clean, dry bedding not only for milking cows but also for your heifers and dry cows.

Researchers found gram-negative bacteria such as E. coli and klebsiella, several types of streptococci and staphylococcus are frequently the cause of udder infections during these critical time periods. They also determined the types of bacteria cultured from the surface of the teat skin closely reflects organisms found in bedding materials. This is why it is so important to minimize bacteria numbers in bedding materials.

The question is, how do you do that? Well, what you choose to use for bedding and how it is managed is a good starting point.

- Clean, dry sand does not provide nutrients or moisture these bacteria need to grow. Many manure systems can't handle sand so some type of organic material is used instead. In California, that usually means separated manure solids that have been sun dried or composted then dried. This is an excellent bedding material as long as it remains dry. Straw, gin trash and several other organic materials commonly used are not good choices for bedding because they will support growth of bacteria.
- Particle size is also important. Large particle bedding supports the least amount of bacterial growth. Fine particles stick to teats and udders and potentially are more of a problem controlling bacteria on teats. Use of a pre-dip to reduce bacteria on teats.
- Keep bedding clean and dry. Add new material as needed which usually equates to 1 ~ 2 pounds of new material per cow daily and clean out the back half of stalls at least weekly. Clean bedding is often placed in the front half of stalls weekly and raked back as needed during the week.
- Adding about 2 pounds of hydrated lime to the back one-third of each stall can reduce the growth rate of bacteria but the effect only lasts about 1 day.

You probably noticed the words clean and dry several times throughout this article. The importance of providing a clean and dry resting place for your cows and heifers can not be overstated. Your efforts to provide and maintain this kind of environment will be rewarded.



District 1

Lauren Duhalde Dairy, Pete Dotinga Jr.,
Northview Dairy, Raymond Bachoc Dairy,
H & R Dairy

District 2

Borba & Sons Dairy, M & L Dairy,
5 Star Dairy, South Creek Dairy,
De Groot Dairy #1

District 3

Charles Vander Kooi Dairy,
Golden Genes Inc., Ernest F. Mendes & Sons,
Ru Ann Dairy #2, A.T.O. Dairy

District 4

Michel Ranch and Dairy,
Pedretti Ranches, Freitas Brothers,
Valley Holsteins, J-D Brasil Dairy



**Introducing
New Board Member
Jamie Bledsoe**

This is the final article in a series of four in which we have introduced the four Board members who began their three-year service as Board members in May 2009. Two of the four new Directors elected operate dairies in District 3, and we are wrapping up the introductory article series by featuring Jamie Bledsoe.

District 3 Director Jamie Bledsoe operates Golden Genes, Inc. and Golden Genes #2, Inc. in Riverdale. Jamie, a 1982 graduate of Cal Poly's Animal Science program, has been involved in the dairy industry for 25 years. The two dairies combine for 1,200 cows and average over 23,000 lbs. of milk. In four of the last six years, at least one of the Golden Genes herds has ranked in the top three dairy producing herds in Fresno County. Jamie has interests beyond production and continues to develop and market superior dairy genetics. His dedication to the dairy industry is underscored by his close involvement in Western United Dairymen, the California Holstein Association and Holstein USA.

Jamie has responsibilities beyond the Board and serves on two CDI committees – Finance/Capital Planning and Operations/Product Planning. He is also one of CDI's representatives to the Alliance of Western Milk Producers.

Jamie also manages to find time to dedicate to his community as well, serving as the Fresno County 4-H dairy advisor and advising the dairy committee for the Fresno County Fair.

Jamie and his wife Liz have four children – Carrie, Joshua, Annie and Beth. Jamie passes along this message to the CDI membership: "I am honored to serve my peers as a director for California Dairies, Inc. I hope to use my varied experience in the dairy industry to help develop a long-term vision for CDI, a vision that returns higher margins to our members through diversity and innovation."



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