

**Oregon Technical Advisory Committee Meeting
January 27, 2005
FSA – Tualatin, Oregon**

Members Present:

Co-Chairs: Bob Graham, **NRCS State Conservationist**, and Larry Frey, **FSA Director**; **NRCS:** Dianne Guidry, Bill White, Cec Cullison, Meta Boyer, Michelle Richwine, Gary Briggs, and Larry Brewer; **FSA:** Lois Loop; **Farm Service Agency State Committee:** Sam Asai and Daulton Straus; **Oregon Association of Conservation Districts:** John McDonald; **Oregon Department of Fish and Wildlife:** Bruce Campbell; **Defenders of Wildlife:** Cheryl Hummon; **Habitat Joint Venture:** Bruce Taylor; **Oregon Department of Forestry:** Mike Barsotti; **Oregon Tilth:** Pete Gonzalves; **The Nature Conservancy:** Brenda Brown; **Oregon Wheat Growers League:** Tammy Dennee and Tim Holtz; **Oregon Department of Agriculture:** Larry Ojua and Brent Searle; **Oregon Dairy Farmers Association:** Jim Krahn; **Oregon Small Woodlands Association:** John Poppino; **Oregon State University, Cooperative Extension Service:** Bill Braunworth; **NRCS West National Technology Support Center:** Stephanie Aschmann; **NOAA/Federal Caucus:** Rick Mogren.

Welcome and Opening Remarks

Bob Graham – Several important topics on the agenda, including methane digesters. There will also be an update on NRCS Farm Bill Programs. Make sure to let staff know if there is anything else that you want to talk about and we can add it to a future OTAC agenda. We are always on the look out for Legislative changes and want to make things work across the state.

Larry Frey - Glad to see all of you found the FSA Office and welcome to this OTAC meeting. The CREP program is really starting to take off and Lois will give you an update later on in the program. Encourage CEDs to have producers talk to NRCS because this is an opportunity for more people to learn about other programs. Push for more of that connection. Today there is a good meeting planned out.

Overview of Agenda/Approval of Minutes – Dianne Guidry

Minutes from the October meeting were approved by the members present. The group received a reference sheet on some but not all of the NRCS acronyms. Feedback on your thoughts and ideas about the meeting and topics for future OTAC meetings is needed; an Evaluation Form was handed out and each participant was asked to complete it and submit to NRCS.

Methane Digesters – Bill White

Handout: Expanded issue paper on Methane Digesters
In the last four years NRCS has received several requests to consider providing cost share funding for methane digesters primarily under the Environmental

Quality Incentives Program. In Oregon, cost share funding has not been provided in the past, based on significant installation costs, the levels of EQIP funding received, and the utilization and availability of other more cost effective alternatives. No technical standard for the program currently exists.

Methane emissions occur whenever animal waste is managed in anaerobic (absence of free oxygen) conditions. Liquid manure management systems, such as ponds, anaerobic lagoons, and holding tanks create oxygen free environments that promote methane production.

General EQIP funding is \$14.8 million this year. Funding for Ground and Surface Water (requires a net water savings) is \$2.1 million. Klamath will have about \$5 million going out this year. There are very stringent requirements that have to be in a comprehensive nutrient management plan (CNMP) – lots of factors are involved to make sure that things are being done correctly. Our aim is to help producers to meet the requirements for the 2005 and 2006 deadlines. We have targeted the livestock dollars to meet the requirements and have practice standards that must be followed.

Brent Searle – Oregon Department of State

Can EQIP funds be used to assist in the construction of methane digesters in Oregon?

From discussions with entities in other states, it appears that EQIP funds are an approved use for cost sharing in the construction of anaerobic digesters on dairy farms (or feedlots). Projects in Washington, Idaho, and California have been partially funded with EQIP dollars.

Further, dairy operators in the surrounding states have successfully submitted grant applications under the USDA Value-added Producer Grants and the Renewable Energy Development Grants, both administered by USDA/Rural Development, for cost-sharing of anaerobic digesters. To date, none of these federal programs/funds have been available/accessible to Oregon dairies or feedlots.

Major hurdles:

1. Large up-front capital costs
2. Management time required to operate and maintain the digester
3. Inter-tie difficulties and cost associated with connecting to the power grid
4. Management/disposal of solids from the digestion process

The Oregon Department of Agriculture has compiled information from many sources to assist dairymen or feedlot operations in assessing the application of a digester for their operation.

www.oregon.gov/ODA/energy_methane.shtml

Group Discussion: Anaerobic methane digesters have been around a long time. The adoption of manure digesters at animal operations is much more advanced in Europe than in the U.S. But there are many successful digesters in operation throughout the U.S. (see some of the resources below), and the number of anaerobic digesters on U.S. farms has doubled in the past five years. Benefits and advantages of digesters:

1. Greatly reduce odor levels, by 90% or more.
2. Reduce bacteria/pathogens - heated digesters reduce pathogen populations dramatically in a few days; additional post-digester composting can ensure pathogen-free end products.
3. Nutrient management - In the process of anaerobic digestion, the organic nitrogen in the manure is largely converted to ammonium, the primary constituent of commercial fertilizer, which is readily available and taken up by plants. Much of the phosphorus is removed through the solids in the process, requiring less N application to land to balance the nutrients. This technology may allow operators to support more animals on the same acreage.
4. Co-generation and energy cost reduction - Anaerobic digesters produce methane gas which can be captured for generating electricity for on-farm use. If the operation is large enough, potential sales of excess power back to the grid may be possible.
5. Final products - the final products of anaerobic digestion are quite suitable for composting and use either on the farm as bedding material or as a soil amendment, or sold off the farm as an organic-based fertilizer/soil enhancer.

The technology in methane digesters hasn't changed since 1970. Many of the salesmen don't know all the background. A digester can't always pay for itself from the electricity produced.

Through the process the liquid has a good balance of nitrogen and phosphorous for grass growers. In addition, when looking at this process, the science also has to be reviewed. In today's world, in the livestock industry, pathogens are a big concern. Time and temperature kill some, but even with long periods of time and high temperatures, not everything is eliminated.

This is a new business; if the producer fails to run the business, it will fail. From the funds issue, need to take a big picture view at the Animal Waste Plans.

Energy isn't the only driving factor - targeted management for farms that don't have enough land to expand their operations; with the digesters the herd could be expanded without needing additional land.

Public perception is a critical key today. Simply reading something on the internet doesn't make a person an expert. Looking at how to spend the money

becomes a piece of the puzzle. Remember that there needs to be a science value. Odor, phosphorous, and land lock are issues that need to be considered. ODA working on air emission standards and these regulations will be for everyone.

The digester tanks are sealed and the main idea is to have no leakage because the more you lose, the less energy will be produced. If designed well it is very efficient. If the methane digesters are running properly it could run 60 to 70 homes and 30 to 40 percent of the energy to run the operation. Continuous flow or plug flow digesters have a good track record and they work well with dairy manure scrap systems. The disadvantages are that they require high solids manure (11-14%) and they are not compatible with sand bedding.

Issue on table for us is where do we put the dollars?

Opinions from OTAC Members:

- Could put a cap on the program.
- Target towards the plan and future digesters; this could leverage other funds. Don't pay for whole digesters. Tax credits are unique to Oregon; 35% of the cost of the facility. Energy trust funds are available. Don't advocate having one on every dairy and livestock operation.
- Write manure management plans and hire more people.
- Limit the numbers, the first year or forever, that will be reviewed.
- Air emissions will hurt everyone - dust from the farm or ranch and also odors from a dairy will all be
- Need to set some criteria - certain places make more sense than others.
- Send out information from the State Level.
- Create an OTAC Sub-committee to create the guidelines and work with Dave Dishman (NRCS Leader for Implementation)
- Funding set aside for livestock users.
- Having no additional funds may help create more flexibility.
- Need education on what other areas of funding are available. Make the option available, but don't break the bank.

Action: Set up a committee and work on providing guidance and get some reports back to the group, looking at 2007 and beyond. A lot will determine what happens with the air quality rules that are being proposed. The sooner we can roll out the committee's recommendations, the sooner we can try and implement, possibly in the last quarter if additional funding is received. This needs to be done right and without a deadline.

Subcommittee on Methane Digesters:

Stephanie Aschmann – 503 273 2408 stefanie.aschmann@por.usda.gov
Brent Searle – 503 986 4558 bsearle@oda.state.or.us
Pete Gonzalves – 503 378 0690 pete@tilth.org
Dalton Straus – 541 664 6156 drstraus1@medford.net
Wym Mathews – 503 986 4705 (Larry Ojua @ ODA)

Jim Krahn

jimk@oregondairycenter.org

EQIP Overview and Framework for Discussion – Bill White

Environmental Quality Incentives Program (EQIP) is a voluntary conservation program from the USDA Natural Resources Conservation Service (NRCS), re-authorized in the **2002 Farm Bill**. The program supports production agriculture and environmental quality as compatible goals. Through EQIP, farmers may receive financial and technical help with structural and management conservation practices on agricultural land. EQIP offers contracts with a minimum term that ends one year after the implementation of the last scheduled practices and a maximum term of ten years. These contracts provide incentive and cost-share payments to implement selected conservation practices.

EQIP is implemented on private lands with farmers and ranchers. EQIP uses local, State, tribal, and Federal partnership and provides flexible technical and financial assistance.

Current National EQIP Priorities

1. Reduction of non-point source pollutants
2. Reduction of emissions
3. Reduction in soil erosion
4. Promotion of at-risk species habitat conservation

Focus for FY05 is on CNMP planning to assist the owners and operators of animal feeding operations in meeting their conservation needs, with an emphasis on helping those owners and operators comply with regulatory requirement under the US EPA CAFO Rule.

Oregon Approach – Local work groups and basin work groups use these national priorities as sideboards with which they identify their local natural resource priorities.

Oregon EQIP Priority Resource Concerns:

- Sheet and Rill Erosion
- Wind Erosion
- Concentrated Flow Erosion
- Streambank Erosion
- Irrigation Induced Erosion
- Soil, Tilth, Crusting, Infiltration, Organic Matter
- Water Management-Irrigated Lands
- Nutrient and Organic Waste
- Aquatic Habitat Suitability
- Plant Condition: Productivity
- Plant Condition: Health and Vigor
- Wildlife Habitat

EQIP Priorities Discussion and Listening Session

Question: What emerging natural resource issues are not addressed by the current national EQIP priorities?

Comments:

- General forest health, density of forest stands, and fuels reduction are concerns. On forestland there is a bark beetle (native insect) forest health problem in Eastern Oregon and several other counties in the state.
- Erosion and aquatic habitat concern: increased awareness, understanding, and new tools are needed to work with families on their forest lands to manage the water off of roads (concentrating water into the streams and older culverts were blocking fish passages).
- Control of non-native invasive species and noxious weeds: This is a growing issue which needs education and outreach to build the awareness of the problems.
- Soil erosion and sedimentation control: However, need to be cautious of duplication in programs. EQIP addresses erosion, and other programs address soil quality/criteria; is there a gap?
- Soil quality concerns on grazing lands.
- Crops: In year of establishment, research/tools to help meet state/federal requirements. Examples: Christmas tree industry in reference to cover and nursery industry for digging and planting in the winter months.
- Livestock:
 - Air Emissions
 - Consent agreement – livestock, poultry, hog operations.
 - Assisting EPA to develop new standards (existing standards are based on a 1938 study).
 - Ammonia, air-borne pathogens, hydrogen sulfide and the lack of research.
 - Applied research in extension and encourage people to adapt new practices.

- Irrigation management: Changes in irrigation management can result in increased energy costs; awareness is needed as well as the evaluation of alternatives.
- Increased costs to producers: Air emission standards recently put into place required upgrade to diesel engines equipment and increased costs.
- Proliferation of small acreage: Very large number of small acreage landowners not aware of what to do with the streams on their properties.

What modifications, if any, are needed to the four existing National priorities? Do these existing priorities continue to reflect the critical national resource needs and concerns?

Comments:

- Farm profitability.
- Frustration with landowners and applying for programs and their application is sitting on desks and not moving.
- Additional funding for TA/FA backlog of applications

Need:

- TA not viewed as overhead, but rather as a direct benefit to producers e.g., development of plan.
- New innovative approaches to get the job done.
- Non-point source pollution – new technology, e.g., pesticide sprayers

Program Update – Lois Loop

- USDA's Farm Service Agency (FSA), Commodity Credit Corporation (CCC), and the State of Oregon have agreed to implement a voluntary Conservation Reserve Enhancement Program (CREP) to improve the water quality of streams providing habitat for nine salmon and two trout species listed under the Federal Endangered Species Act. The project area includes all streams in Oregon providing habitat for the endangered salmon and trout species that cross agricultural lands.
- Goals of the Oregon CREP include:
 - Reducing water temperature to natural levels;
 - Reducing by 50 percent the sediment and nutrient pollution from agricultural lands adjacent to streams;
 - Stabilizing stream banks along critical salmon and trout streams;
 - Restoring natural hydraulic and stream channel conditions on 2,000 miles of streams.
- The total program cost is estimated at \$250 million. Of this, CCC will provide 80 percent and the State of Oregon or other non-Federal sources will provide 20 percent of the total cost. CCC will pay applicable land rental costs, 50 percent of the cost of establishing conservation practices, an annual maintenance incentive, and a portion of the costs of providing technical assistance. The State of Oregon will pay 25 percent of the cost of establishing conservation practices, all the costs of the annual monitoring program, and a portion of the technical assistance costs.

- Annual rental payments will be based on the soil rental rate, as calculated by FSA. Rates for irrigated cropland may be paid on the condition that the participant also signs an agreement with the State to lease irrigation water for in-stream use. In addition to annual rental rates and maintenance incentive payments under the CRP contract, CCC will make an annual incentive payment at the following rates:

- For filter strips: 25 percent of the normal rental rate;
- For riparian buffers: 35 percent;
- For wetland restoration: 50 percent;
- Through the year 2001, in any case in which more than 50 percent of the land along a five-mile stream segment is enrolled, producers will receive a one-time cumulative impact incentive payment of four times the annual rental rate.

- In addition to offering acreage along salmon and trout streams, the applicant must satisfy the basic eligibility criteria for CRP. Land must be cropland that has been cropped two out of the past five years, and that is physically and legally capable of being cropped. Marginal pastureland is also eligible to be enrolled provided that it is suitable for use as a riparian buffer planted to trees. Producers are eligible if the land has been owned or operated for at least one year prior to enrollment. Land with an existing CRP contract or an approved offer with a contract pending are not eligible for CREP until that contract expires.

- In 2004 there were more contract signups than any other year. 131 contracts approved and additional 400.3 acres of stream miles. Wasco County by itself is approaching 200 acres of stream miles. Harney County has not been eligible for CREP before.

- Next challenge is the shortage of CREP technical assistance. OWEB has funded 15 positions. Some SWCD offices have been very creative, applying for and receiving grants to fund these technical positions.

- We don't have any staff qualified to do the cultural resource reviews so we were able to make a state level deal with NRCS to continue to do the cultural resource reviews. In return, FSA will do some administrative jobs that NRCS would have been doing. We are pulling the strengths from both organizations and working together.

Conservation Partnership Initiative (CPI) – Dianne Guidry

These CPI grants are smaller grants that range from \$50,000 to \$200,000 and are geared to the planning phases; period is limited to 18 months. Each state can forward one grant only. The RFP is out and due into the state office by February 17, 2005. Each NRCS State Conservationist may submit one proposal for national funding consideration; the closing date is March 21, 2005. Up to \$1 million is available nationally through USDA/NRCS. Grants are available for state, local, and tribal governments as well as non-governmental organizations that have a history of working with agricultural producers.

Subcommittee to review CPI Grant applications:

- Bill Braunworth - 541 737 1317 bill.braunworth@oregonstate.edu
- Pete Gonzalves – 503 378 0690 pete@Tilth.org
- Sam Asai – 541 308 5880 samasai@gorge.net
- Cheryl Hummon – 503 697 3222 chummon@defenders.org
- Lois Loop – 503 692 3688 E 223 lois.loop@or.usda.gov

Conservation Innovation Grants (CIG) – Dianne Guidry

CIG is a voluntary program intended to simulate the development and adoption of innovative conservation approaches and technologies while leveraging the Federal investment and environmental enhancement and protection, in conjunction with agricultural production. Under CIG, EQIP funds are used to award competitive grants to non-Federal governmental or non-governmental organizations, Tribes or individuals. Applications must describe the use of innovative technology or approaches, or both, to address a natural resource conservation concern. The national resource concerns eligible for funding through CIG are announced in the RFP, and may change annually. Five priority concerns for fiscal year 2005 are:

1. Water Resources
2. Wildlife Habitat
3. Soil Resources
4. Atmospheric Resources
5. Grazing Land and Forest Health

Grasslands Reserve Program and Wildlife Habitat Incentives Program (GRP) - Larry Brewer

A Sub-Committee from OTAC met to review FY04 GRP accomplishments and discussed some improvements for Oregon's FY05 GRP program. The committee recommendations are being represented for review and discussions by OTAC. GRP is a Farm Bill program to protect, restore and enhance grasslands, rangelands, pastureland, shrub land, and certain other lands and provides assistance for rehabilitating grasslands. A main emphasis is to prevent grasslands from conversion to cropland, urban and invasive weeds. Oregon's GRP enrollment goals are:

- Non rangeland with a high pasture condition score, that is managed to maintain its existing high condition plant community or improve it with proper management.
- Rangeland with good rangeland health maintained by proper grazing including rotations or deferment for a long period of time.

Upon completion of the self assessment, the applicant should immediately know if the land is in the high, medium, or low priority.

Ranking points will be assigned based on a list of local species at risk or rare or sensitive habitat that is located in their basin. There will be a \$70,000 limit per contract. FSA GRP has a lot of interest, but main problem is that there isn't enough money to go around. Need to increase budget.

Action/Decision: Bob Graham and Larry Frey approve what the committee has presented.

WHIP Program Priorities and Procedures. This is a national program administered by NRCS. WHIP funds on lands where fish and wildlife habitat has been impacted by agricultural activities, urban development, or areas where invasive species have negative altered fish and wildlife populations and habitats. Recommendations for FY 05 funding is to split the funds into three separate funding pools

1. 40% for special projects
2. 40% for Basins to fund landowner contracts for identified local priorities consistent with Oregon State WHIP plan.
3. 20% of the funds for Tribal contribution agreements for tribal priority projects
4. Funds not used by one area of use could be moved where needed.

FY 2005 Wetland Reserve Program (WRP) Update

The WRP Advisory Group met on January 5, 2005. The selected applications have good partnership support - financially, as well as from an ecological perspective. The landowners for the first eight applications will be notified of their selection and asked to indicate their intent to continue. We have up to 100 easements in the state.

Conservation Security Program (CSP) – Bill White

There has been no sign up date advertised for the CSP program. There will be a National NRCS CSP Training at the Portland Downtown Hilton on March 1-3. The final rules or rental rates have not been established. NRCS is holding off scheduling the informational meetings until rules are announced. There is a great interest in the program this year from Nursery, Christmas Tree Growers, Filbert Growers, and Cranberry Growers. This is a great opportunity for NRCS and looking forward to getting it statewide.

Next Meeting Date:

May 12, 2005 (Thursday)

Location:

New NRCS State Office
1201 NW Lloyd Blvd
Suite 900
Portland, Oregon 97232

Adjourned at 3:10pm