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Delaware Nutrient Management

Meeting Minutes – June 5, 2018

The Delaware Nutrient Management Commission

In attendance:

Commission Members Present: Chairman William Vanderwende, Kenneth Blessing, Jim Elliott, Laura Hill, Wayne Hudson, Jessica Inhof, Larry Jester, Jon Nichols Jr., Bud O'Neill, Robert Palmer

Ex-Officios Present: Secretary Michael Scuse, Chris Brosch, Terry Deputy (proxy for Shawn Garvin), Jamie Mack, Jennifer Singh

Commission Members Absent: Mark Adkins, Brenna Goggin, Kenneth Horeis, Richard Sterling, Scott Webb

Ex-Officios Absent: none

Others Present: Deputy Secretary Austin Short, Bob Coleman, Clint Gill, Julia Moore, Brooke Walls, Aaron Givens, Sydney Riggi, Terra Eby, Holly Porter, Ralph Larimore, Ray Stachecki, John A. Burton, Sally Kepfer, Victor Clark, Larry Towle, Lindsay Thompson

This meeting was properly notified and posted as required by law.

Call to Order/Welcome:

Chairman Vanderwende called the meeting to order at 8:30 a.m., welcomed everyone in attendance, and reminded those seeking education credits to sign the sign-in sheet.

Approval of Minutes:

A motion was heard to approve the minutes of the last Full Commission Meeting of May 1, 2018. The minutes were moved for approval by Commissioner Elliott and seconded by Commissioner O'Neill, resulting in a final vote of unanimous approval.

Discussion and Action Items:

Fertilizer Sales and Manure Trends – Justin Lontz, DDA Compliance Laboratory Manager

Justin presented an informative and pertinent slideshow reviewing Delaware Fertilizer Tonnage, a copy of which was distributed to the Commissioners for easy reference. Highlights include:

- Purpose: one of the roles of the Agriculture Compliance section is to register fertilizer products and collect tonnage data on it
- Title 3, Chapter 21 of Delaware Code is related to the registry of fertilizer tonnage

- Background information was provided on how the process works
- A 2017 Snapshot on fertilizer:
 - 22 locations reported over 1,000 tons=140,334 tons net
 - 94% of a year's tonnage came from 7% of all companies
 - Few are large companies with bagged products
 - Mixing facilities – bulk, liquids, custom blends – comprise 14 of the 22 locations
- Fertilizer Tonnage numbers and trends covering the years 2015-2017 were presented, broken down by county
- Poultry Litter: 750-800 samples were analyzed for farmers, consultants and Nutrient Management, and several slides charted the components of this poultry litter (Nitrogen, Phosphate, Moisture)

Commissioner Comments:

- Chairman Vanderwende: Going back to the phosphorous (p) in Sussex County, when it was way high compared to Kent County...
- Commissioner O'Neill: Is it because there were more farmers trying to improve their soils in Kent County by using more litter?
- Secretary Scuse: You're looking at commercial fertilizer here, correct? [Justin: yes] See that didn't take in account for poultry litter. I think that is the difference – he's not looking at poultry litter – just looking at commercial fertilizer. And if you look at where the most poultry litter is used, I think that would be why.
- Commissioner O'Neill: So you think that Kent County is higher than Sussex?
- Secretary Scuse: As far as p, yes. There has been very little poultry litter used, historically, in Kent County. So you're going to use more p up here because you're not using the poultry litter for your total nutrients. If use in Kent County was the same amount of poultry litter used in Sussex County, you'd see that number drop down on the commercial side.
- Commissioner Hill: So you're saying the p levels in Kent County are historically lower than in Sussex County?
- Secretary Scuse: Because of the historical use of poultry litter in Sussex County. So it takes us a lot more commercial fertilizer to make up the difference between what Sussex County has been using in poultry litter over the years. And I don't know about Sussex County, but in Kent County we are also historically low in potash – traditionally we use a lot more potash up here.

State of Delmarva Poultry Industry – Holly Porter, Assistant Executive Director, Delmarva Poultry Industry, Inc. (DPI)

Holly presented our second informative and pertinent slideshow of the morning - hers detailing how the DPI represents the industry across the Delmarva Peninsula. She provided a fact-filled handout available to all, with the heading, Look at what the chicken industry is doing for Delmarva. Highlights of her presentation include:

- DPI is the trade association representing the chicken industry in Delmarva. They have about 1,800 members, which include growers (almost a thousand), the 5 chicken companies here, and their allied businesses. So that's anybody that may support the industry, including the grain farmers, construction businesses, lenders, and everybody in between. It represents all aspects, and again represents the entire Delmarva – DE, the Eastern Shore of MD, and the Eastern Shore of VA as well.
- A little history to explain why there is so much poultry business in Delmarva:
 - The chicken industry really got started in Delaware in the 1920's when Mrs. Cecile Steele was supposed to get 50 chicks for laying hens and got 500 instead. She decided to raise them to 2.5 lbs. (it took her about 18 weeks to get there) and then she sold them to the New York market for

a lot more money than she would earn with the laying hens. So the next time around she got a thousand birds and it went on from there.

- In the 20's, 30's, and 40's folks weren't eating chickens quite as much as they are today, so this was the start of the trend of more people consuming chickens in DE and across the whole US.
- Numbers and trends:
 - Since 1957 DPI has been collecting data from their companies at the end of each year. Much of that data is on the DPI website, and more is added each year.
 - At the end of 2017, 605 million birds were produced on the Delmarva Peninsula. That was done by a little over 1,500 farm families.
 - There are about 18,500 company employees among the 5 companies. This figure includes processing, the feed mill, the hatcheries, and again everything in between. Earnings were \$752 million in wages, excluding benefits.
 - A lot of corn, soybeans and wheat have been bought by this industry for feed, about \$984 million worth, and most of it from the farmer's right here in the Delmarva Peninsula.
 - At the end of the day it's a 3.4 billion dollar value for these birds.
 - The chicken industry is about 70% of DE's cash farm income – so it is REALLY big in DE. Add in the corn and soybeans, it's another 15% that is really concentrated within the poultry industry here in DE.
- In regard to everything folks have been hearing about the HUGE increase in the poultry industry:
 - Absolutely there is new construction, but the increase is not necessarily as big as folks might think.
 - The number of chicken houses in Delmarva is actually down from about 20 years ago. To clarify - we do not have as many houses *in operation*. Many are 30-40 years old and new technology can't be added to them to make them work their best. So we are now seeing a lot of houses that are just going out of use.
 - The new houses that are being built to replace the old are just larger in size.
 - But the number of growers has reduced on Delmarva – so there are less growers producing more birds that are actually bigger and better. Here's how:
 - Larger houses, with more house capacity, which brings the numbers up
 - There are more houses on one farm that there were years ago
 - Production has gone up due to genetics, better housing, better growing, technology in the houses, biosecurity
 - Demand is still up, however, so as long as the value of chickens stays strong, it works out for all involved.
- Vegetative Environmental Buffers Program
 - DPI has a Coordinator who works with growers to plant trees and grasses around farms, for multiple reasons: it's a good neighbor policy, and it works for nutrient uptake and air quality
 - Jim Passwaters is in charge of this program and has worked on this for many years
 - The program's conservative estimate is that they have planted 8,444 trees and grasses
 - In addition there are many who he works with to do their own plantings
 - Or he consults with other companies to do the plantings
 - The poultry industry is very environmentally conscious and wants to be good stewards by putting trees and grasses back in the ground after all the dirt work that seemed so destructive has been completed.

- Final takeaway: It's very likely we will see the numbers increase for 2018, because the majority of construction that occurred in the 2015-2017 timeframe has now been completed and will start to get birds placed. But it won't be a huge jump. And things will tend to slow down in the industry when it comes to the number of new houses and borrowers.
- Chairman Vanderwende: It's hard to believe we don't have more chickens now, as many houses as we've seen go up, especially in groups of 2, 4, 6 or more.
- Holly Porter: It's important to keep in mind that the size of the houses are larger for capacity and density for the birds. And it's true the farms are larger - there are no longer just 2 or 3 on a farm. A lot of that has to do with the different regulatory programs and requirements, especially under Stormwater Management. And it's not economical to build 3 houses. You're looking at 4 as a minimum and probably closer to 6 if you really want the cash flow and to do well. And with less growers trying to meet the higher demand, larger farms are the result.
- Secretary Scuse: Do we have a breakdown by state level on the construction?
- Holly Porter: We were not collecting state breakdowns prior to 2017. We know there are 2,366 chicken houses in DE in production, but we don't have numbers for new houses built.
- Secretary Scuse: I think if we had a state-by-state breakdown you would see the difference in MD's house numbers and DE's because a lot of what I've seen is a lot of the new construction is actually been in DE because of issues they've been facing in MD. It's just my speculation.
- Holly Porter:
 - Moving forward we will continue to record the number of houses, the number of growers, and the capacity by state
 - Keep in mind that we have not added a new processing facility in Delmarva for a long time – the youngest is probably 40 years old
 - Note also that you only grow where the food is, where the hatchery is, where the processing is
 - Likewise, we are not growing here and shipping 3 states down – it's not economically viable
 - So when you don't add any new processing facilities, there is only so much capacity that is ever going to grow on Delmarva. And not to be negative, I don't anticipate we will ever have a processing facility on Delmarva.
- Chairman Scuse: And there is a concern about a loss of immigrant help, as well, right?
- Holly Porter: DPI shares that sentiment.
- Administrator Brosch: This data is not from the growers, is it?
- Holly Porter: All this information comes from the companies, and it is probably the best numbers because the companies know who the growers are and where the growers are. Some data is also from mass statistics. With the Ag Census ramping up, it will be interesting because we only get data when someone fills it out. If they don't, then we don't have the information.
- Administrator Brosch: That is precisely why I sent out surveys. We saw some trends in poultry litter concentration and moisture from Justin and while they're increasing I think a lot of us around the table know why that might be happening – changes in windrow use in the houses. But it doesn't sound like DPI has any grower surveys to identify those practices that would be causing it.
- Secretary Scuse: I attended an Outlook Forum put on by USDA in February in Arlington, VA, and there was a presentation done by the Poultry Industry and one of the slides really caught my attention. It says the challenge is that by 2050 we're going to need to produce 120% more poultry than we are today.
- Holly Porter: And all while layering on the challenges of the consumer demand for things like slow growing chickens or other things that in the long run all have environmental impacts. With the increased

markets around the world, with the Third World markets moving up in income and becoming more middle-class, poultry is a great economic source of protein.

- Secretary Scuse: India just opened their market. We've had meetings with officials from several African countries that are interested in opening up markets and actually doing their own production. But in the meantime they'll run their markets through U.S. Poultry. And China has remained closed, but at some point in time that's going to open up as well. So the markets are expanding. But they face the problem of growing the feed that is needed to sustain that industry. India and Africa just don't have the equipment and technology.
- Chairman Vanderwende: And all the chicken house groups here have had to put in Stormwater Ponds.
- Holly Porter: It is a bit of an irony, considering these ponds bring in the wild geese who could bring in disease. But actually that is one of the research programs that Jim Passwaters is working on and doing some plantings around some of the Stormwater ponds for a couple reasons:
 - Planting pollinators means less mowing
 - If there are ways we can use those plantings to actually deter birds from flying into those ponds it's better for biosecurity as well
 - So that's a little bit of a problem that's been created but as all Ag knows, you give us a problem and we'll figure out a solution

Chairman Vanderwende thanked both speakers for their excellent presentations.

Administrators Report – Administrator Brosch and staff

- Complaints – Bob Coleman: In the last month we slacked off to 2 informal complaints since our May 1st meeting. Only 1 is still open – it's the one we have been monitoring in Seaford. That one really has been solved, but as a courtesy to the original complainant it has been kept open so she can apprise in a couple of week of any other concerns.
- Certifications – Administrator Brosch:
 - There was 1 new Nutrient Consultant who passed the exam – she's in the audience – Terra Eby.
 - We sent out many letters for recertification.
 - 25 CNH's were issued recertification invoices, having secured enough credits to regenerate.
 - 47 were short and may be in the audience today because we've been getting a lot of calls about opportunities for credits.
 - For Generators and Private Nutrient Handlers, we've recertified 372 – they had the requisite number of credits to recertify and we're expecting 169 to be trying to make up some credits to get on the path to renewal.
 - The Cooperative Extension office has mailed their postcards on both sides of our mailing so there is a current listing of June offerings on that postcard and also on their website.
- Audits, Inspections, Reporting –
 - Brooke Walls:
 - Since the beginning of January 67 audits have been completed – 52 Routine Farm Visits and 15 CAFO's.
 - There are 6 more scheduled in June and maybe more will pop up as well.
 - By the end of the fiscal year that would put us at about 75 for the first half of this year.
 - Chris Brosch:
 - To provide some context for that: our Standard Operating Procedure that was approved in our May meeting suggests that we need about 150 to meet the statistical significance requirement, and it's really incredible that we're actually on pace to meet that with one inspector, Brooke, doing the work on the farms with acres and with Aaron's help on the CAFO side as well, now that we've got permits out for 134 farms under that permit.

- The CAFO update has not changed since last month. The number of farms on Public Notice, 31, may have grown and we are working on getting Public Notices out for that large list of farms.
 - The Salesforce database final update is at about its final point for 2017. Brooke has about 632 that are in but the data isn't in the system yet. So 307,000 is going to go up.
- Meetings and Training – Administrator Brosch: it was a short month so there weren't too many meeting and trainings. They are listed, however.
- Financials – Administrator Brosch: The reports located on the last page will be it for this fiscal year. At our next meeting you'll have your Fiscal Year 2109 budge listed.
- Relocations and Cost Shares – Administrator Brosch and Bob Coleman:
 - Administrator Brosch: Bob, for this time of year, have Relocation and Plan Writing Cost Share Applications about dried up?
 - Bob Coleman: For Plan Reimbursements we might pick up another \$2,500. As far as Relocations, you can see we are still way down in numbers. The 2 reasons for these reductions are probably:
 - Perdue AgriRecycle just has not been doing the same level of business that they have in the past when the pelletizing plant was up and running.
 - And up until recently there had been a long gap in time when we were not sending manure up to the mushroom facilities. Within the last 60 days that has resumed and it's getting back to its normal rate that we experienced in past years. Expect the 3,503 to increase once we get into Fiscal Year 2019.
 - Having said this, there seems to be just a lot less litter that is available for the manure brokers to move around.
 - Commissioner Blessing: What about the Alternative Use line paid by the City of Lewes? Is it sludge being hauled for mushroom purposes?
 - Bob Coleman: The City of Lewes has a problem with the EPA, and the problem is that even though their municipal wastewater does actually treat all the sewage generated in the city, the EPA requires some kind of nutrient offset just for that plant existing. So the most convenient and efficient way to handle this is for the city to simply assist us in moving some of the nutrients from farms in and around the Lewes and Rehoboth Canal watershed / Love Creek area – that little corner of the state. That product is just plain chicken litter, but it is being moved somewhere other than the area around Lewes. And Lewes actually pays to have the manure moved. State funds do not compensate the grower. It is listed here just so we can statistically track the manure that's being moved from one watershed to another.
 - Administrator Brosch: Since we are the clearinghouse for those applications we can identify those that would be appropriate for Lewes to earmark and pay for. We do that just as a courtesy for them.

Additional Commissioners' Input -

Commissioner Elliott: I hope the Commissioners will take advantage of the opportunity to sign up to handle an evening shift at the DDA Commodities Building during the State Fair. The DDA staff will handle the daytime shifts, but I personally feel that the Commissioner participation in the evening (5:00 – 8:00) gives this group a good opportunity to meet the farmers, say hello and give any brochures that may be available to help us open conversations with the farmers.

- A Sign-up sheet was informally passed around the table for the Commissioners to choose a date if they wish to volunteer at the DDA Commodities Building between July 19 -28, and was available after the meeting as well.
- Bob Coleman will coordinate the schedule with DDA and get the fair admission tickets to the Commissioners who are scheduled.

Commissioner Blessing: I have an observation to make based on the fertilizer tonnage reports and other increases like the poultry houses. On the surface it is showing that there is increased use of fertilizers n and p, so for the environmental groups and people just looking at the stats that might raise a flag when we have diminished

production acres. But I would like to reinforce the argument that with the increase in the use of irrigation and precision applications, and crop improvements due to genetics, that we have a valid argument to explain why that tonnage increase has taken place. I don't want to lose our sight of that.

Secretary Scuse: Because I questioned EPA's numbers a couple weeks ago on the phone call, they actually sent a team down to meet with Ken, Chris and myself last Tuesday. And I thought it was telling that at the end of the presentation one of the visitors said DE has done the impossible – if you look at historical yields in fertilizer usage, DE has doubled the production without increasing the fertilizer. This is a real good story. Because when you look at just the face of the numbers it looks, on one hand, like we have not done anything at all over the years, but when you look at the production along with the fertilizer usage, we've actually, across the board (whether it's wheat, soybeans or corn), doubled our yield in that timeframe with basically the same amount of fertilizer. So that's the story for us to tell.

Commissioner Blessing: That's a valid point, because what Dr. Jim Glancey's done with poultry litter numbers in validating what we're doing and stopping those misconceptions of poultry litter management.

Secretary Scuse: I still question some of the numbers and how they're presented. And I questioned whether the numbers had been reviewed by anyone (I was thinking not). So Chris has been in contact with Dr. Glancey and he's going to look at some of those numbers we questioned.

Administrator Brosch: He will be here today, in fact.

Public Comment –

- There were no public comments voiced.

Next Meeting: There will be no July meeting. The next regular Full Commission meeting is scheduled for August 7, 2018 at 7:00 p.m., if we need it.

Adjournment: Chairman Vanderwende adjourned the meeting at 9:30 a.m.

Approved,

B. Vanderwende, Chairman
Delaware Nutrient Management Commission
jlm