

# WESTERN UNITED DAIRIES

WEEKLY UPDATE

January 9, 2019

## Rollback of Proposition 13's Property Tax Provisions by Voter Initiative – November 2020 Election

By Anja Raudabaugh, CEO

A majority of organized labor groups and social justice organizations have qualified (and are qualifying a second) ballot measure that would dismantle Proposition 13's property tax protections. These measures would raise taxes on commercial and industrial property valued over \$3 million by requiring reassessment of the value of commercial properties at current market value and reassess these properties every three years. This would create a new base year for every business property in California and is referred to "split roll tax" because it splits the property tax assessments into two buckets – residential and business property. The initiative would raise taxes on commercial/industrial properties by \$13 billion dollars annually.

### Threats for Agriculture:

-Although the latest version of the initiative in the signature gathering phase would exempt all agricultural land, land used for rearing of livestock, or the production of crops, the initiative DOES alter the tax calculation for "commercial or industrial structures on agricultural land, unless the property is owned by a small, independent owner". According to the initiative sponsors, "...a dairy barn, food processing facility and wineries would be reassessed as they are commercial and industrial."

-If the farm or business owner owns commercial and industrial property across the state is worth under \$3 million, then the structures will not be reassessed at fair market value. Ambiguities or resolution of tax assessments would be resolved by additional law passed by the Legislature or clarification by the Board of Equalization.

-Generally, assessment is based on the land use, but zoning will be a factor for vacant land. If the land, whether vacant or otherwise, is zoned "commercial and industrial" it could be reassessed. If vacant land is under the "Williamson Act" protections, it could not be rezoned.

### The Bottom Line:

-Protected: It appears that land used as commercial or industrial real property in an area zoned for commercial agriculture production.

-Protected: Vacant land used for commercial agriculture production without regard to zoning.

**Continued on page 2.**

## Don't Listen to Rumors, Ask at the Source

The industry has taken on the monumental task of working towards a common goal to end the fighting over quota. This past week, United Dairy Families of California (UDFC), released its Phase III documents and executed industry meetings to accompany those documents ([read them here](#)). The industry meetings were very well attended (Chino, Tulare, Turlock, and Petaluma) and included robust questions and conversations from many dairy farmers. Not everyone walked away happy, but not everyone was disappointed either. It's becoming clearer with each milestone that UDFC and its collective stakeholders (three coops and three trade groups) are facing hard decisions to bring this issue to some conclusion as determined by producers. In the process, rampant and erroneous rumors have spread like wildfire about the demise of quota or the sudden elimination of the QIP assessment. These rumors -when not backed up with physical documents validating these claims, have been hyper exaggerated, misconstrued, and most recently - appear to be a distortion of the truth in order to achieve pressure. **Cont.p.2**

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### WEEKLY UPDATE DELIVERY OPTIONS

Send change of address or request for Update delivery to WUD by phone or fax, or email to [info@westernuniteddairymen.com](mailto:info@westernuniteddairymen.com)

### LIKE US ON FACEBOOK!

Western United Dairymen has a Facebook page. "Like us" today and join in on the conversation about California dairy families.

Please note: WUD's website has been updated to [www.wudairies.com](http://www.wudairies.com)

### MEMBER PORTAL

As a member of WUD, you have access to exclusive pricing and labor information in the Member Portal on the WUD website. If you need your information to access the member portal, please contact your field rep.

**Continued from page 1. Prop 13 rollback.**

- Protected: Land that is only used or zoned for commercial agriculture production.
- Protected: Businesses valued under \$3 million.
- Threatened: The initiative incentivizes local governments to rezone existing agriculture lands to commercial or industrial zones to maximize local government revenues.
- Threatened: Any business who relies on a commercial lease or owns commercial/industrial properties.
- Threatened: Anyone who buys consumer goods for their personal or business use. As property taxes rise, so will fuel, groceries, utilities, and health care – these costs will be passed on to consumers.
- Threatened: New housing opportunities would decrease because local governments would receive more revenue from commercial or industrial zoned land than they would residential.

**Cont. from page 1. Don't listen to rumors.** Pressure is a fine thing, but the industry's decision should be one where each dairy family can have an unabridged version of the truth as to how the future of quota will impact them, so they can cast their own individual vote to decide for their future. Voter suppression, hyperbolic half-truths, and brow-beating with fabrications is not a respectable way to earn the industry's vote.

At this time, the QIP is still functioning as normal and assessments and payments are still functioning as normal. Self-determine on.



**Looking for employees to work at your Dairy?**

We have a great selection of employees with tons of experience looking for work.

WUD will publish a preview in the second Update of each month. Keep an eye out for it! Interested before then? Don't hesitate to contact Rashell to get more information.

[rashell@wudairies.com](mailto:rashell@wudairies.com)

**Stanislaus County**

**Newman**

Jose Reyes Guzman Any position

19-20 years of experience in the Dairy Industry, currently not working, he has experience in Milking, helping out in Maternity issues, Hospitality, calf's knowledge, drive any machinery equipment and also a pusher. He is available at anytime and can start working soon as possible.

**Turlock Area**

Mateo Hernandez Any position

He has 4 years in the Dairy Industry, his experiences are: Milking cows, Maternity, he has knowledge on calf's, Feeding, Driving machinery, Hospitality, pusher. Good worker and responsible. Available to go near Stevenson, Turlock, Newman, Merced, Looking for full shift hours. If possible, seeking housing.

**San Joaquin County**

**Tracy Area**

Alvaro Miranda Milker

12 years in the Dairy industry, he has done Milking, pusher, feeding, everything in that department. But he would like to stick on the Milking department. Looking for full shifts. Great worker and responsible.

**Madera County**

**Madera Area**

Alvaro Luna Gonzales AI

He is looking for a job in the AI department, he has a lot of experience in that like Maternity, he is currently working but he is ready to relocate jobs to be able to work on the area that he wants. Will work Weekdays.

**Tulare County**

**Visalia**

Cristobal Gonzales Herdsmen Assistant

12 years in the dairy industry as a Milker, pusher, he's done veterinary jobs; at his last job he used to treat the animals with medicine, testing them out, doing hospitality, following protocols, checklist. Done jobs outside the barn as well with machinery. Lots of experience!

## WUD Thanks its Allied Members!

### California Cattle Council Seeking Producer Input on Strategic Plan

By Justin Oldfield, CCC Executive Director

The California Cattle Council (Council) is calling on all interested and willing cattle producers to participate in an online survey to assist the Council in developing a strategic plan. The strategic plan will provide a framework for the Council to fully realize its mission to support California beef and dairy producers and target the most critical issues facing the industry today. In addition, the plan will guide the allocation of funds over the coming years to ensure projects, research, campaigns and advocacy efforts are effective and can be properly measured to determine success. Grassroots input is critical to ensure the Council can accomplish this objective. This is your dollar and the Council takes its obligation to effectively and responsibly serve the California cattle industry very seriously. Survey results are anonymous, and the Council encourages your candid participation. To capture your input effectively and efficiently, please review the following points below regarding what the Council can do and cannot do by law prior to taking the survey.

What the Council CAN do:

- Conduct research on ALL issues related to California cattle production (not limited to just beef and dairy products)
- Representing the interests of producers as it relates to the development of new regulations and assist producers with regulatory compliance
- Initiate marketing and promotional campaigns to promote and support California cattle production
- Educate policy makers, consumers and other stakeholders on issues impacting California cattle producers, highlighting the industry's economic and environmental benefits

What the Council CANNOT do:

- Employ a registered lobbyist and take a formal position on legislation
- Directly fund a ballot proposition or contribute to an opposition campaign
- Contribute to Political Action Committees or financially support a candidate seeking office
- Initiate offensive litigation
- Deviate from the refund process that is currently in place now. In other words, the Council cannot implement an "opt out" provision. Doing so would be against the law.

The Council looks forward to hearing your feedback no later than **February 6th**.

<https://calcattlecouncilsurvey.org/>

### California Minimum Wage Requirements Reminders

By WUD Legal Team

- California minimum wage: **\$10.50 per hour on January 1st, 2017**, \$11.00/hour on January 2018, and then \$1-per-year increases through 2022.

o Business with fewer than 25 employees will have an extra year to comply, dallying their workers receiving a \$15 hourly wage until 2023

- Federal minimum wage has been \$7.25/hour since July 24th, 2009

- All California employees must receive minimum wage for all hours worked in each day, whether they paid on a piece rate, salary or commission basis.

- For employees on piece rate or other non-hourly compensation method, the employer must be sure that minimum wage is paid for all hours worked. **Continued on page 5.**



FARM CREDIT

American AgCredit | Farm Credit West  
CoBank | Fresno Madera Farm Credit  
Golden State Farm Credit



MAAS  
ENERGY WORKS



FIGURE



ENVIRONMENTAL

## What's up and what's not—your weekly market update

The last few months, as holiday music filled the air, brought milk price improvements we had not seen in over 5 years (especially for cheese and powder). As we roll into the new decade, the soundtrack is a bit less enthusiastic, with prices off their highs for the main commodities. That being said, the post-holiday hangover doesn't only apply to those who partied a bit too much—it's a real unpleasant thing for dairy commodities as well. The first quarter, in particular for butter and cheese, typically hosts the lowest prices of the year.

Reacting a bit less to holiday demand and domestic trends, the nonfat dry milk price is a bit insulated from the calendar and managed to continue the slow climb it started two years ago. Little by little, as international conditions improved, the price has been going up from an average low of \$0.6963/lb in March 2018, to the price it now stands at: \$1.2355/lb. As of the latest *Dairy products* report, U.S powder stocks were down as well, 23% below the prior year in November 2019. Prices outside our borders remain stronger, with the latest skim milk powder price averaging \$1.37/lb at the Global Dairy Trade (GDT) auction this week. In light of those higher global prices, US exports continue to fare well: November data showed an increase of 40% year-over-year

Butter prices ended the last quarter of 2019 with a lack of energy, slowly sliding down the FMMO slopes. While the price isn't higher today, it seems a bit of market comfort seems to have been reached around the current level, which is good. USDA prices averaged \$1.9815/lb this week, up 1.87 cents from the previous week, and in line with December's average. The CME activity was a bit up and down in recent weeks, but came back in the \$1.90/lb range today. Butter stocks grew a bit more than usual in November (+17% year-over-year), in part due to increased production (+4%) and decreased exports (-63%). The volume sent to export markets is now a lot less significant, being that only 2.3% of U.S. butter production was exported in November. A year ago, that percentage was 6.5%.

USDA-surveyed cheese prices fell the fastest in the last month, retreating to their early fall status. Barrels had climbed the highest at rapid pace, and they came off their highs at rapid pace, losing 49 cents in the last month (with 17 cents of that loss occurring this week). Barrel prices now stand at \$1.7511/lb. Blocks acted a bit less erratically, keeping their cool within a nickel of \$1.91/lb for the past month. **Continued on p.5.**

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**Cont. from p.3 California Minimum Wage Requirements**

- This a critical difference between California law and federal law. Under federal law, the employer complies with minimum wage if the employee averages minimum wage or more across each pay period. California law prohibits average over any period of time to satisfy the minimum wage obligation.

- Rest and Recovery Periods (including heat stress) : Must pay an average hourly rate determined by dividing the total compensation for the work week by the total hours worked during the workweek, exclusive of rest and recovery period. This rate must be at least minimum wage.

- Non-Productive Time (time not directly related to production): o Must be paid at least minimum wage o Or promised rate (if higher)

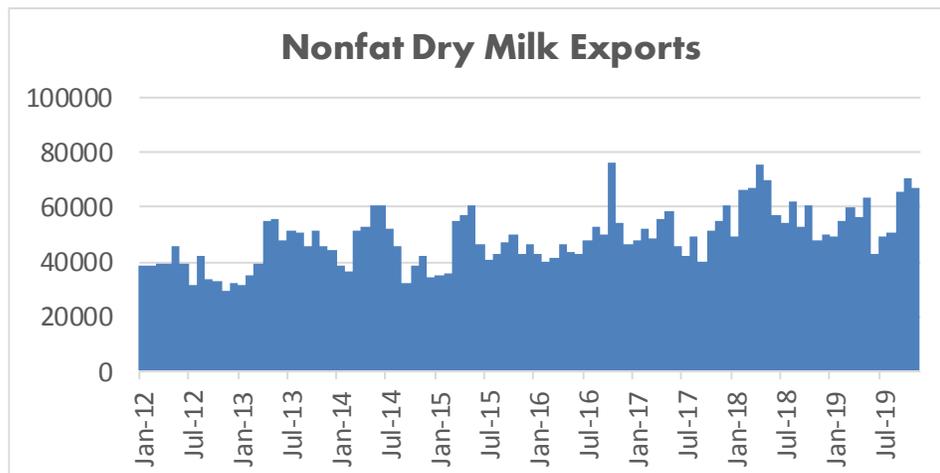
Date	Minimum Wage for Employers with 25 Employees or Less	Minimum Wage for Employers with 25 Employees or More
January 1 <sup>st</sup> , 2017	\$10.00/hour	\$10.00/hour
January 1 <sup>st</sup> , 2018	\$10.50/hour	\$11.00/hour
January 1 <sup>st</sup> , 2019	\$11.00/hour	\$12.00/hour
January 1 <sup>st</sup> , 2020	\$12.00/hour	\$13.00/hour
January 1 <sup>st</sup> , 2021	\$13.00/hour	\$14.00/hour
January 1 <sup>st</sup> , 2022	\$14.00/hour	\$15.00/hour
January 1 <sup>st</sup> , 2023	\$15.00/hour	

**Great Industry Stories in this PBS Documentary**

WUD is very proud of all our dairy families and the hard work they do to bring nutrition to the world! This episode of American Grown: My Job Depends on Ag highlights the California dairy industry as the most regulated agricultural industry on the planet. It shows its challenges but also how a new generation of dairyman are making it. “The state of the California dairy business, with this next generation, is in good hands.” states Frank Mendonsa. As Tyler Ribeiro says, “It’s not that we’re doing something new, it’s just that we’re sharing it a little better”. This video sure is sharing it well.

<https://video.valleypbs.org/video/american-grown-my-job-depends-on-ag-death-of-the-dairies-j11psw/>

**Continued from page 4: market update.** This week landed at \$1.8879/lb, down 1.48 cents from the previous week. Total cheese production was up slightly in November (+0.5% year-over-year), with American cheese production following a similar pattern (+0.2%). Overall, stocks are hanging below last year, with American cheese stocks down 7.4% (total cheese stocks were down 2%). Outside our borders, things are improving, with the latest Cheddar price average at the GDT gaining 7 cents to \$1.83/lb.



## Latest commodity prices

Average (\$/lb)	AA Butter	NFDM	40# Blocks	Barrels	Dry Whey
<b>November</b>	\$2.0869	\$1.1540	\$2.1723	\$2.1723	\$0.3071
<b>December</b>	\$1.9842	\$1.2161	\$2.0509	\$2.0509	\$0.3293
<b>January 9</b>	\$1.9815	\$1.2355	\$1.8879	\$1.7511	\$0.3333
<b>From last week</b>	+1.87 cents	-0.05 cent	-1.44 cents	-16.83 cents	-0.08 cent

## Latest class prices—Order 51

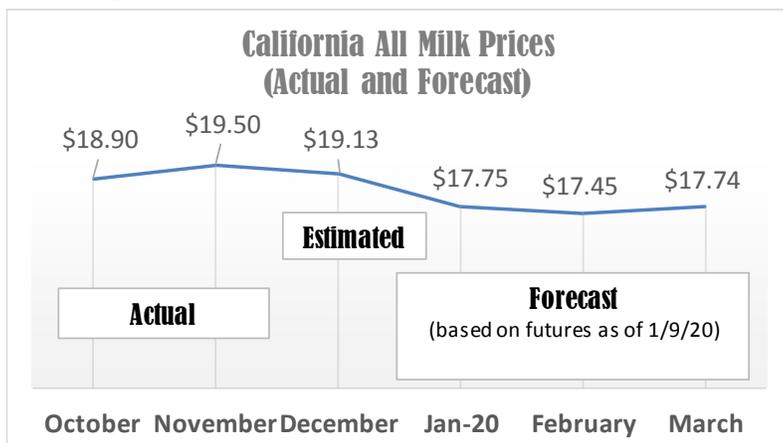
Price (\$/cwt)	Class I LA	Class II	Class III	Class IV	PPD	Statistical Uniform Price
<b>October</b>	<b>\$19.94</b>	<b>\$16.68</b>	<b>\$18.72</b>	<b>\$16.39</b>	<b>-\$1.59</b>	<b>\$16.63 (Tulare) -\$17.13 (LA)*</b>
<b>November</b>	<b>\$20.24</b>	<b>\$16.85</b>	<b>\$20.45</b>	<b>\$16.60</b>	<b>-\$3.39</b>	<b>\$16.56 (Tulare) - \$17.06 (LA)*</b>
<b>December</b>	<b>\$21.43</b>	<b>\$16.81</b>	<b>\$19.37</b>	<b>\$16.70</b>		

\*Does not include the quota deduction.

## CA quota prices

Price (\$/cwt)	# of buyers	# of sellers	# sales	Low end	Average	High end	Quota SNF transferred
<b>November</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>\$250</b>	<b>\$289</b>	<b>\$300</b>	<b>4,010.68</b>
<b>December</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>\$270</b>	<b>\$270</b>	<b>\$270</b>	<b>698.29</b>
<b>January</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>\$175</b>	<b>\$230</b>	<b>\$260</b>	<b>1,462.44</b>

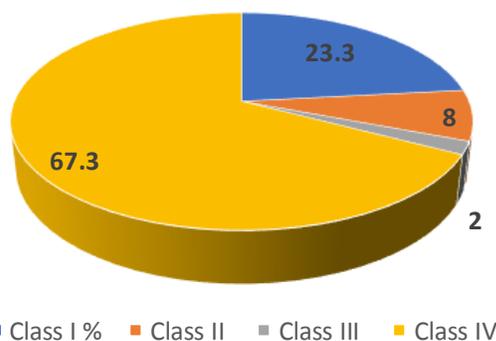
CDFA will no longer mail out quota sales price information each month. We will include it on this page to allow our interested members to keep track.



*This forecast is for informational purposes only and should not be used as a price guarantee. It is subject to change as market conditions change.*

Under the California system, this chart included actual, estimated and forecasted overbase prices. Since overbase prices are no longer relevant under the FMMO, this chart will focus on the California all-milk price forecast. Since we have historical data on the all-milk price and will continue to get such data, it seems an appropriate measure to show price trends in the state as we get more months of data under the FMMO.

California FMMO November 2019 Pool Utilization



## California FMMO pool corner—Nov data

Class	Pounds	Pounds (Oct)	Price	Price (Oct)
I	385,613,478	482,470,721	\$20.24	\$19.94
II	124,565,835	176,224,006	\$16.85	\$16.68
III	31,753,619	95,825,548	\$20.45	\$18.72
IV	1,114,534,332	1,091,117,617	\$16.60	\$16.39
<b>Total</b>	<b>1,656,467,264</b>	<b>1,845,637,892</b>		