

# WATERWAYS

A Quarterly Publication of the Iowa Drainage District Association

Volume I, 2008

## I Fought the Ice and the Ice Won

Well, for those of you who don't know, December was an eventful month for me. The IDDA annual conference was December 7 (more on that elsewhere in this newsletter). The day after that, my family and I left for a short vacation to the warm and sunny climes of Orlando. While we were gone, most of Iowa was hit by an ice storm that left driveways and sidewalks coated in  $\frac{3}{4}$  inch of glare ice. That was what we came home to.

So, the day after our return (Friday, 12/14) I was outside on our driveway trying to chip ice off. I was on the steepest slope of my driveway and fell with the full force of the fall impacting directly on my left hip. My wife drove me to the emergency room at Iowa Methodist Hospital where x-rays were taken, and I was informed that I had broken the hip. (This was not a surprise given the pain I was experiencing). You find out when you break your hip that surgery is an automatic. I was told in the ER that I would have surgery the next day to repair the damage. My surgery took place on Saturday and I had a plate and a pin inserted in my hip. (So much for any chance of breezing through airport security.)

I was in the hospital for six days and was sent home on crutches with an ample supply of pain medication. I give you this background as a long way of saying that my work schedule has been a mess for the past month and one-half, and I am just now starting to get back into the swing of things. The last newsletter of 2007 was going to be written the week I was in the hospital, but after the fall, December pretty much went by the wayside. (I spent a great deal of time in a recliner watching holiday bowl games.) So, this newsletter is going to serve two purposes—that of being the last newsletter for 2007 and the first one for 2008. My county visits also were stopped temporarily. I did visit two close-in counties in January and plan on ramping up that process again in later February.

So, how am I doing now? I am progressing but still

not back to full speed. I "graduated" from two crutches down to one about a week ago, and my doctor tells me that I should be able to be off crutches entirely by late February. So, it has been an interesting several weeks, but slowly and surely I am getting back up to full speed. ♡

## Legislative Agenda for 2008 Approved

During the IDDA business meeting at the annual conference, the IDDA legislative program for 2008 was approved. Here is our platform for this year's legislature.

- 1) **CREP/Wetlands Funding** – The IDDA supports an increased state appropriation from the "Environment First" fund for the CREP/Wetlands program. Every dollar appropriated by the state is able to leverage four federal dollars. The IDDA also recognizes that there are



unspent funds in the CREP program that have been appropriated by previous legislatures. This situation exists largely because the program ground to a standstill for two years while regulatory

issues with the federal government were resolved. It now appears that these issues are at least partially resolved and the program may be ready to start moving forward again. Deappropriating dollars from the CREP program would be a mistake, and the IDDA would not support such a move.

- 2) **Regulation of Wetlands** – The IDDA opposes any legislative proposal to empower the state of Iowa to regulate the dredging or filling of isolated wetlands. The dredging or filling of

*(Continued on page 2)*

the majority of these isolated wetlands is already subject to review and regulation under provisions of the farm bill or local subdivision approval and building permit authorities. The state of Iowa cannot afford and ought not to divert precious resources toward creation of a needless regulatory bureaucracy.

3) **Maintenance Exemption** – Currently, state regulations provide an exemption that allows drainage ditches to be maintained without obtaining a permit from the IDNR. The regional EPA office is pressuring IDNR to remove that exemption from state regulation stating that the exemption is “inconsistent” with the federal Clean Water Act. The DNR will also be considering the possibility of adopting new regulations on anti-degradation of the state’s water resources that could do away with the exemption. Requiring a permit from the DNR for every drainage ditch maintenance project would be time-consuming and expensive. IDDA supports retaining the exemption.

4) **Wetland Structures** – Under the CREP program, landowners install wetlands to assist in the removal of nitrate from tile-drained water. The CREP program requires that the landowner assume maintenance of these structures, once built. This responsibility has been an impediment to landowner participation in the CREP program. IDDA supports legislation that would allow drainage districts, on a voluntary basis, to enter into agreements with landowners that would provide for the maintenance of these or similar facilities. Such agreements would also provide for the allocation of converted wetland credits and the disposition of the facilities once the agreement was terminated. These facilities would be an “improvement” under drainage law and would have to meet all the applicable statutory requirements.

5) **Ag Drainage Well Closure** – There are currently about 140 ag drainage wells in active use acting as direct chemical pipelines into drinking water supplies. IDDA sup-



ports continued funding for the ag drainage well closure program.

6) **Watershed Task Force** – The state Watershed Task Force will be making recommendations to the legislature in 2008. It is anticipated that there will be recommendations involving drainage districts. A current draft of their proposal states that “Drainage districts are encouraged to consider the water quality they discharge while improving their drainage infrastructure. Such non-traditional approaches might include wetland mitigation, nitrate reducing wetlands, controlled drainage, bio-reactors and cover crops that will improve the quality and environmental impact of drainage water entering Iowa streams.” Drainage districts do not currently have water quality responsibility, and any legislative proposal that broaches this issue needs to be considered very carefully. While drainage districts recognize that there is concern about nitrate in tile water, any involvement by drainage district trustees in water quality issues should be voluntary. ♻️





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## Army Corps Issues Guidelines on Wetland Protection

The U.S. Environmental Protection Agency and the U. S. Army Corps of Engineers have issued joint guidance for their field offices to ensure that America's wetlands and other water bodies are protected under the Clean Water Act (CWA). The action reinforces the Bush's administration commitment to protect and enhance the quality of our nation's wetlands and water bodies.



"The Bush administration is committed to protecting wetlands and streams under the Clean Water Act and Supreme Court decisions," said Benjamin Grumbles, EPA's assistant administrator for water. This action sends a clear signal we'll use our regulatory tools to meet the President's ambitious wetlands goals."

"We are committed to protecting America's aquatic resources under the Clean Water Act and in accordance with the recent Supreme Court Decision," said John Woodley Jr., assistant secretary of the Army (civil works). "This interagency guidance will enable the agencies to make clear, consistent and predictable jurisdictional determinations. The results, once posted on agency Web sites, will document how the scope of the Clean Water Act jurisdiction is being determined."

EPA and Corps staff will also use the guidance when taking enforcement actions under the CWA. The guidance clarifies those circumstances where a person may need to obtain a CWA section 404 permit before conducting activities in wetlands, tributaries, and other waters. Individual tribal, state and local laws, regulations or policies may further protect aquatic water resources.

The guidance is consistent with the Supreme Court's decision in the consolidated cases *Rapanos v. United States* and *Carabell v. United States* regarding the scope of agencies' jurisdiction under the CWA. Specifically, this guidance discusses the agencies' protection of three classes of waters through the following actions:

### The agencies will assert jurisdiction over the following waters:

1. Traditional navigable waters
2. Wetlands adjacent to traditional navigable waters



3. Non-navigable tributaries of traditional navigable waters that are relatively permanent where the tributaries typically flow year-round or have continuous flow at least seasonally—typically three months.

The agencies will decide jurisdiction over the following waters based on a fact-specific analysis to determine whether they have a significant nexus with traditional navigable water:

1. Wetlands that directly abut such tributaries
2. Non-navigable tributaries that are not relatively permanent
3. Wetlands adjacent to non-navigable tributaries that are not relatively permanent
4. Wetlands adjacent to but that do not directly abut a relatively permanent non-navigable tributary

### The agencies generally will not assert jurisdiction over the following features:

1. Swales or erosional features (e.g., gullies, small washes characterized by low volume, infrequent or short-duration flow)
2. Ditches (including roadside ditches) excavated wholly in and draining only uplands and that do not carry a relatively permanent flow of water

### The agencies will apply the significant nexus standard as follows:

1. A significant nexus analysis will assess the flow characteristics and functions of the tributary itself and the function performed by all wetlands adjacent to the tributary to determine if they significantly affect the chemical, physical and biological integrity of downstream traditional navigable waters.
2. Significant nexus includes consideration of hydrologic and ecologic factors

The guidance supports a strong regulatory program that ensures no net loss of wetlands, which is one of the three key elements to the Bush Administration wetlands policy. The other two elements include

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an active management program that will result in the restoration, enhancement and protection of three million acres of wetlands by 2009 and a commitment to conserve isolated wetlands such as prairie pot-holes. ♡

*Editor's note – This decision has been a long time in coming. Jurisdictional issues over many "waters of the United States" were in much dispute due to Supreme Court decisions that at times, seemed to conflict with each other. It is hoped that this directive will help put some of the regulatory questions to rest.*

## U. S. Study Says Iowa Among Main Gulf Polluters

Farms in Iowa and in eight other Midwestern and southern states are causing most of the pollution that creates a "dead zone" each year in the Gulf of Mexico, a government study says.

The study, by the U.S. Geological Survey, also says that manure runoff from pasture, rangeland and feedlots is a bigger contributor to the problem than previously thought.

The dead zone, which lies along the coast of Louisiana and Texas, is created each year when phosphorus and nitrogen flow out of the Mississippi River and encourage the growth of algae in the Gulf. The algae growth robs the water of oxygen, forcing fish, shrimp, crabs and other sea life from the region.

Fertilizer runoff from corn and soybean farms is the largest source of nitrogen that reaches the Gulf and a leading source of phosphorus. Scientists worry that production of biofuels will make the problem worse, as farmers increase corn acreage to keep up the demand for ethanol.

The study, released earlier

this year, said Illinois, Iowa, Indiana, Missouri, Arkansas, Kentucky, Tennessee, Ohio and Mississippi contribute 75 percent of the nitrogen and phosphorus that reaches the Gulf. Those states represent just one-third of the land drained by the Mississippi River or its tributaries.

Iowa is the second-leading source of nitrogen, after Illinois, that reaches the Gulf, and the third-leading source of phosphorus, after Illinois and Missouri.

The study suggests that Iowa is not as big a source of nitrogen as previously estimated and that states to the east and the south are also contributing to the problem, said Dean Lemke, chief of the water resource bureau of IDALS.

The study estimates that 11 percent of the nitrogen that reaches the Gulf originates from Iowa. Previous estimates have been in the range of 18 to 22 percent, Lemke said.

A task force of federal and state officials is expected to use the findings of the report in its recommendations for shrinking the dead zone. The study will help the government "cut the size of the dead zone in faster and fairer ways," said Benjamin Grumbles, the EPA's assistant administrator for water.

Scientists advising the EPA have recommended that government set targets to reduce nitrogen and phosphorus by 45 percent to cut the size of the dead zone in half.

The study is based on computer modeling of land use and water flows. Critics say the study is flawed because it relied on land use data from a 1992 agricultural census. Since then, many farms have taken measures to prevent pollution streams, including installing fences to keep cattle out of the water, said Don Parrish, who follows the Gulf issue for the American Farm Bureau Federation.

But the study showed that Congress needs to target land-conservation measures in states such as Iowa, where the pollutants originate, said Michelle Perez, an agricultural policy analyst for the Environmental Working Group, an advocacy organization. Versions of a farm bill that passed the House and Senate do not adequately address the issue, she said.

Iowa farmers have taken steps to minimize runoff of nitrogen from fields, but the cost and effectiveness varies, said Rick Robinson, environmental policy advisor for the Iowa Farm Bureau.

A joint federal-state initiative to develop wetlands that can prevent nitrates from reaching rivers and streams has been hampered by rules that discourage land-

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## U.S. Study . . .

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owners from participating, he said. "There are things we doing in Iowa, but there are things the federal government can do too, instead of just pointing fingers at Midwestern farmers and saying 'It's your fault,'" Robinson said.

Source – Phillip Brasher, *Des Moines Register* ♡

## The Outlook for Corn and Ethanol

The federal government definitely joined in the spirit of cooperation this past holiday season with the passage of the 2007 energy act and progress on the farm bill. These moves, along with developments in the energy and agricultural sectors, have improved the prospects for corn and ethanol over the next few years.

The 2007 energy act set out a higher renewable fuels standard (RFS) of 36 billion gallons of biofuels by 2022. For 2008, 9 billion gallons of biofuels are needed to meet the standard, and corn-based ethanol will fill the lion's share. Corn-based ethanol is considered a conventional biofuel in the act. Other advanced biofuels such as cellulosic ethanol and biomass-based biodiesel are to fill the rest of the RFS. This act supersedes the 2005 energy act that established an RFS of 7.5 billion gallons of biofuels by 2012.

The pace of ethanol plant construction is on target to reach and possibly exceed the new RFS over the next few years. As of early 2008, the Renewable Fuels Association was reporting current ethanol production capacity of 7.5 billion gallons. With 5.8 billion gallons more capacity under construction, U.S. ethanol production will exceed 13 billion gallons within the next three years. The RFS provides stability for the continued growth of the ethanol industry.

The market for ethanol continues to evolve as well. Ethanol prices were mostly on the downswing throughout 2007, but the last quarter of the year saw ethanol prices rebound from \$1.55 per gallon to over \$2.00 per gallon. This upswing in prices was due to several factors, including infrastructure improvements for ethanol transportation and usage, expanding interest in using ethanol in underserved areas



of the country (especially the southeast), and higher overall energy prices.

Crude oil recently hit \$100 per barrel, and the outlook for oil remains strong. Currently, crude oil futures prices are above \$90 per barrel for all contracts through December 2009 and are above \$88 per barrel for all contracts through December 2016. The markets are not anticipating any sizable drop in energy demand anytime soon. Gasoline futures are above \$2.50 per gallon near-term and are holding above \$2.25 per gallon throughout 2009.

These higher prices are spurring additional interest in ethanol for discretionary blending. Current nearby ethanol futures are \$2.30 per gallon, roughly 20 cents below gasoline. This price gap, along with the 51-cent-per-gallon tax credit given to blenders, makes ethanol attractive to both fuel blenders and consumers. With ethanol futures beyond April 2008 hovering around \$2.00 per gallon, it looks like ethanol will continue to be less expensive than gasoline for some time and will be able to penetrate additional markets over the next couple of years because of its pricing advantage.

Margin graphs developed by the Center for Agricultural and Rural Development (CARD) show that margins have markedly improved over the last three

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## The Outlook for Corn and Ethanol . . .

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months. While corn costs have risen, the surge in ethanol prices has more than covered the cost of the increases. Based on current futures prices, ethanol margins will back off slightly over the next two years, but will remain above last fall's levels.

The continuing expansion of the ethanol industry is just one of several positive signs for the corn market. Corn usage for ethanol continues to grow and set records each year. Ethanol will become the second-largest use of U.S. corn this year, trailing only domestic livestock feeding. The growth in corn demand due to ethanol has been met with increased acreage devoted to corn and higher production. Over the past two years, the United States has raised two solid corn crops—10.5 billion bushels in 2006 and a record 13.2 billion bushels in 2007—yet corn prices have continued to rise. While ethanol has been a driving factor, corn exports have also helped the strong price outlook. The latest USDA projections put corn exports for the 2007/08 marketing year at 2.45 billion bushels. That would be a record for corn exports, exceeding the previous record of 2.4 billion bushels for 1979/80. Cumulative export sales for the current marketing year are nearly 65 percent that of the USDA projection, well ahead of the average price over the last five years of being roughly half of the export projection. Outstanding export sales also show a brisk corn export pace.

The main factor supporting the export sales is the relative weakness of the U.S. dollar. Over 2007, the value of the dollar fell against many world currencies. A falling dollar makes our exports look relatively more attractive to importers and often spurs export demand. The effect for corn is twofold. First, the dollar depreciated against the real and yuan, the currencies of two of our export competitors, Brazil and China. So U.S. corn is relatively less expensive than Brazilian or Chinese corn. Second, the dollar also depreciated against the currencies of corn importers, such as Japan, making U.S. corn relatively less expensive to import.

The corn market has taken the ethanol and export projections into account over the next three years and is currently maintaining corn prices between \$4.95 and \$5.35 per bushel on corn futures all the way through December 2010. The market is projecting stronger corn prices for the rest of the marketing year and continued strengthening in the 2008/09 marketing year.

But corn prices are not the only crop prices that are strong this year; wheat and soybean prices are also high because of a variety of events. These crops will compete with corn for acreage and will likely pull

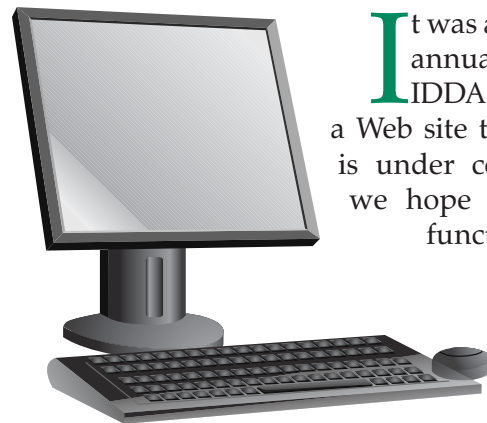
some acreage away from corn. Early estimates point to 88 to 90 million acres of corn production, down from last year's 93.6 million acres, but still well above historical averages. Further price changes across the crop markets, higher fertilizer prices, weather, and possible input supply bottlenecks will continue to shape the planting outlook.



Overall, the picture looks bright for corn. Prices are high, production has been good, and demand attributed to ethanol and exports continues to grow. For the ethanol sector, 2008 looks to be another year of adjustment. Input prices (mainly corn) continue to be high, but energy—especially gasoline—prices are expected to stay higher. The passage of the 2007 energy act provides government support for additional ethanol production. The industry will continue to expand, but margins will likely remain relatively tight.

*Source – Winter, 2008 Volume 14 No. 1 – Iowa Ag Review – Center for Agricultural and Rural Development – Chad E. Hart* 🍷

## IDDA Web Site Progressing



It was announced at the annual conference that IDDA is finally putting a Web site together. The site is under construction, and we hope to have it fully functional by early March. A preview of some of the information that will be on the site

was passed out at the annual meeting. The site can be found at [iowadrainage.org](http://iowadrainage.org). 🍷



Waterways is a quarterly publication of the Iowa Drainage District Association. Comments can be directed to the association at:

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## State Announces Expansion of CFS Program — IDDA to Be a Key Player

In December of 2006, IDDA was awarded a contract with IDALS to provide CREP field specialists to the state. These specialists (CFS) work with landowners who have land that has been identified as a good site for a CREP nitrogen removal wetland. The ultimate goal of these CFSs is to get the landowner to grant the state an easement so that the CREP site can be built. The contract was for \$454,000 over a three-year period. That contract envisions three part-time CFS personnel.

The state has decided for a variety of reasons that it wants to expand this contract so that more sites can be built. Under the expanded contract, instead of three part-time CFS personnel, there would be a total of eight. The contract amount would be amended by adding \$418,000 for the final two years of the contract. It is expected that the amended contract will be signed this month and that hiring of the new CFS personnel will start in March. 🍷

## Board Members/Officers Elected

Two IDDA board members were re-elected to the board of directors at the IDDA annual meeting. Directors who had their terms expiring were Phil Condon, Webster County supervisor, and Ron Smith, Emmet County supervisor. Both were reelected to the board without opposition. IDDA board terms are three years. Officers for the 2008 year were also elected. Ralph Christiansen, Pocahontas County supervisor, was reelected IDDA president, and Harlan Hansen, Humboldt County supervisor, was reelected as vice-president. 🍷



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## Big Yield Increases in Corn and Beans Coming

The big three in the seed business, Monsanto, Syngenta and Pioneer (DuPont), are in a race to produce a corn that is much more drought tolerant than is now available. The western Corn Belt has been historically low on rainfall. Rain events in other parts of the Corn Belt have become more pronounced and sporadic, rather than the more even patterns in the '50s to the '90s. You know what additional drought tolerance can mean. Add to that quadruple stack corn traits and then the agreement between two of the Big Three to cooperate on having corn with eight traits boggles the mind.

But what about soybeans? Kip Cullers of Missouri has grown yields of over 150 bushels per acre. Some believe that 100-bushel beans could be common in the future.

Before we get too excited, there are a couple of old

bromides to consider. "More horses take more hay." More bushels will require more inputs. X number of bushels of anything takes X number of pounds of P and K. "There is no free lunch." With increased potential in the seed, there has to be a corresponding increase in agronomy management to realize that potential. Water management (variable rate irrigation, drainage, subsurface irrigation, water table control, better water retention through managing and/or alleviating compaction) will need to be improved. There are huge chunks of the Corn Belt that are inadequately drained. Farmers should take the windfall commodity prices and invest some significant dollars increasing the productivity of the land through drainage. They ought to do that no matter the price of corn. Fertilization, tillage—everything needs to rise with the rise in seed technology. Precision ag looks all the more enticing the higher the stakes.

Source – *Changing Agronomy*, January 16, 2008 - compiled by Tim McGraw 🍷

### Unattributed Wisdom

"Success is going from failure to failure without a loss of enthusiasm."

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