



ARIZONA AGRICULTURE

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A Conversation with Arizona's Wine Educator: Michael Pierce

By Julie Murphree, Arizona Farm Bureau Outreach Director

Michael Pierce is Director of Viticulture & Enology, Southwest Wine Center for Yavapai College. Pierce is an Arizona native who has been working in the wine industry for the last ten years. He not only makes wine, but he teaches others how to make wine.

In 2014, he accepted the position as Director. He oversees the Southwest Wine Center located on Yavapai College's Clarkdale campus. The Southwest Wine Center is home to a 13-acre vineyard, industry-scale teaching winery, and on-campus tasting room.

In addition to his work at the college, Michael is the winemaker for two wine brands he runs in conjunction with his parents. Both brands, Bodega Pierce and Saeculum Cellars, utilize fruit grown at the family's 27-acre vineyard in Willcox, Arizona. The Pierce family's approach to winegrowing is to be true to the place and allow the vineyard site to speak for itself. As a result, the wines are designed to express the high desert terroir of the Willcox Bench that the family has found to be unsurpassed in producing spectacular world-class wines.

Earlier in 2019, the Arizona Farm Bureau Outreach team drove to Yavapai College to visit with Pierce and get a personal tour of the Southwest Wine Center. Students at Yavapai College's Verde Valley campus, that can range in age from 21 to 86, discover a very different, hands-on kind of college experience. They're learning how to grow grapes and make wine.

Students can earn a certificate in viticulture, or take the full two-year program for an associates degree in viticulture and enology. Courses include soils, water, insects, along with how to establish and operate a vineyard. The associate track adds the science of winemaking, some chemistry and microbiology, and of course, learn sensory evaluation of wine. So, if you've ever thought your all-important sensory evaluations on a fine wine were out-of-tune, Yavapai College's wine course would be more than just a tune-up for you.

To get the business experience partnering with vineyards in the Verde Valley and around Arizona, the program prepares students for careers as vineyard designers, cellar masters, or tasting room managers. The day my team took the tour, you could sense an aspirational vibe, excitement about a growing industry. Pierce's remarks reflect this exciting time in Arizona's wine industry.

Arizona Agriculture: Talk a bit about Yavapai College's Viticulture program. How does it rank?

Pierce: Yavapai College's Viticulture and Enology program was established in 2009 as an educational resource designed to support the local wine industry. The southwestern United States is home to several growing wine regions. Yavapai College is stepping up and addressing the need for higher education in grape growing and winemaking specific to our climate. Currently, 1-year certificates in Viticulture or Enology and a 2-year A.A.S. degree is offered in both disciplines. This is a similar structure to peer schools in other parts of the country. Where Yavapai College excels is in our on-campus learning labs.

The academic program is built around the Southwest Wine Center (SWC) which is a working model of an Arizona farm winery. Our 13-acre vineyard exposes students to all aspects of growing wine grapes. A focus of our

grape growing program is the development of best practices for water conservation and appropriate pesticide applications. The 13,000 vines are grown using an A+ effluent water source provided by the City of Cottonwood. Students can see the management structure of an industry-scale growing operation while under the guidance of our faculty. The second year of the associate's degree takes place in the teaching winery at the Southwest Wine Center. In 2018, students harvested and processed nearly 20 tons of grapes, which produced approximately 1,100 cases of wine. The academic year follows the creation of the wine through the cellar and into the bottle. While the students

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"The academic program is built around the Southwest Wine Center which is a working model of an Arizona farm winery," explain Director Michael Pierce. "Our 13-acre vineyard exposes students to all aspects of growing wine grapes." Pierce asks wine enthusiasts to encourage wine shops to carry Arizona wine.

Farm Bureau Ag Innovation Challenge to Give Away \$145K

Staff Reports

The American Farm Bureau Federation, in partnership with Farm Credit, has opened online applications for the 2020 Farm Bureau Ag Innovation Challenge. In its sixth year, the Farm Bureau Ag Innovation Challenge is a national business competition for U.S. food and agriculture startups. Entrepreneurs will compete for \$145,000 in startup funds. Applications are due the end of this month.

Last year, Tucson, Arizona's Merchant's Garden AgroTech earned a nationwide semifinalist spot with 9 others in American Farm Bureau's (AFBF) Ag Innovation Challenge. Semi-finalists received \$10,000 each.

"Being named a Top 10 Innovation from the American Farm Bureau, the largest farm organization in the world, brought significant value to our company beyond the \$10,000 in cash award," said Merchant's Garden owner and Arizona Farm Bureau-member Chaz Shelton.

Launched in 2015 as the first national competition focused exclusively on rural entrepreneurs, the competition continues to provide an opportunity for U.S. startups to showcase business innovations in food and agriculture. Startup funds for the Challenge are provided by sponsors Farm Credit, John Deere, Bayer Crop Science, Farm Bureau Bank, Country Financial and Farm Bureau Financial Services.

"We know that in order to curb the migration of youth and big thinkers out of rural communities we need to provide opportunities for them to shine and expand entrepreneurial activities," says Arizona Farm Bureau President and southern Arizona rancher Stefanie Smallhouse. "Strong communities depend on small businesses and the entrepreneurial spirit. We have already seen some great innovation in Arizona agriculture, and I would encourage others to take on this challenge."

To apply for the 2020 Farm Bureau Ag Innovation Challenge, competitors can apply online at <http://fb.org/aginnovationchallenge> by midnight Eastern Standard Time on **Sept. 30, 2019**.

"It takes faith, courage and creativity to start a business," said AFBF President Zippy Duvall. "Rural entrepreneurs face a number of additional challenges

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are learning about wine production in the cellar, additional classes are taught on the marketing, sales, and compliance pieces of the wine industry. This is where students learn unexpected lessons in the program which prepare them for the wine business.

With the affordability of in-state tuition at Yavapai College and the available learning resources, the Southwest Wine Center easily ranks as a top choice for students wanting an education in grape growing and winemaking. Several scholarships unique to the program are available – some of which are not based on financial need. So, money is available and students are encouraged to apply.

Arizona Agriculture: What will the YC program do for the future of the wine industry in Arizona?

Pierce: In the fall of 2018, the average age of students in the viticulture and enology program was 48.5. Nearly all of these adults are working while going to school to prepare for their next project in life. Many of the graduates and current students work in the industry, either in vineyards, wineries, tasting rooms, or wine sales. However, a strong contingent is entrepreneurs. Several of whom have established businesses, and many more have businesses in the making. Examples are, Oddity Wine Collective, Heart Wood Cellars, Cove Mesa Vineyard, Najar Cellars, 1764 Vineyards, Mogollon Vineyards, Salt Mine Wines, Flying Kite Vineyard, among others. The program has provided a foundation for these graduates to continue on their journey. I think the work of this educational program is just beginning. Many future students will be able to get their start at YC. Additionally, the Southwest Wine Center and the tasting room is committed to the promotion and education of wine consumers who would like to know more about the Arizona wine industry. The SWC's tasting room is open to the public Thursday through Sunday from noon to 6:00 p.m.

Arizona Agriculture: What's your take on the wine industry in Arizona?

Pierce: Wine grapes are an excellent crop for Arizona. Low acreage, high density, low water use, and high economic return. The varieties we are learning to grow like Malvasia Bianca, Graciano, Tempranillo, and many others, like our dry climate. We are not only growing a crop well suited for the high elevation desert but creating a product which is uniquely Arizona. Our wines are an expression of the places they are cultivated. Consumers are starting to take notice which has created tourism and economic growth in rural areas of the state where it is needed most. I anticipate growth will continue as we create more Arizona wine customers. When you look at the Arizona wine businesses which are out there now, it is nearly all locally-owned and operated small family businesses. These are people who have chosen the lifestyle to grow grapes and make wine. There is an authenticity to the effort and the products they produce. The wine enthusiasts who are our customers, know the difference between the generic mass-distributed wines and those grown right here.

Arizona Agriculture: You also produce your own wine, talk about this.

Pierce: My family and I have been producing wine in Arizona since 2010. Our family brand is Bodega Pierce, which produces roughly 1,500 cases of wine per year. My parents, Dan and Barbara, live in Willcox and grow the 27-acres of grapes we currently have planted. The vineyard has 18 different varieties. Although we might be on the high side, having a large diversity in varieties is common in Arizona. The list of wine grapes which grow in our state is long. Which ones are the most successful in the field, and the market is debated among the industry. Although some are easier to deal with than others, I look forward to seeing every variety come in each harvest. Annually, I make about 30 unique wines from our vineyard and others. These wines are available at our two tasting rooms in Willcox and Clarkdale. You can also find them at select bottle shops throughout the state. If you don't see Arizona wine where you shop, please ask them why. It's about time they get on board.

Arizona Agriculture: What makes Arizona's wine industry stand out among other wine regions of the country. Are we as special as we think we are?

Pierce: For those who enjoy good wines which are representative of the place they are grown, Arizona wine is a special thing which can be appreciated for what it is. We can achieve a wine quality greater than some regions which have been established decades before ours. The wines are not boring and for the most part, small-batch and handcrafted. This allows for a story to lead in the marketing of the wine. Arizona has many beautiful areas in the Northern and Southern parts of the state. Now those places which people visit and have come to love are adjacent to great winegrowing regions. It's a bonus either way – come for the wine and get the state or come for the state and get the wine.

Arizona Agriculture: We're told that 80% of the wine grapes are grown in southeast Arizona, but 80% of the actual wine is crafted in northern Arizona. Why is this?

Pierce: The last USDA statewide study on wine grapes was in 2013. The data in the study was close to the percentages you mention. Southern Arizona is a great place to grow grapes. High elevation with air drainage at the good sites, affordable land, and access to water. The same isn't as true in northern growing regions of the state. However, the areas around the Verde Valley is home to large tourist attractions such as Sedona, Jerome, Flagstaff, and the Grand Canyon. So, the production and tasting rooms have taken root here more so than the larger vineyards. Many wineries in the state have aspects of their business in multiple areas of the state to diversify.

Arizona Agriculture: The future?

Pierce: Keep going. Continue to enjoy what we do and be honest with what is working for us in the vineyard. The wine industry is still crafting and telling its story to our customers and future customers. A stronger presence in the market and educating the state's legislature on the economic impact of our industry are near-term goals. The Southwest Wine Center and Yavapai College will be here to help educate and tell this story.

Arizona Agriculture: What is the typical profile of a successful winemaker?

Pierce: Hard-working, curious, and a good-decision maker. I find our students fit this profile. Many of them are coming from successful careers in other industries and are re-tooling in preparation to follow a passion. To support this passion and the demographic we serve, YC has designed the program for these students. Our lecture-based classes are either online or scheduled one night per week. This allows our students to schedule their own time to take advantage of working in the vineyard and the winery as life permits. It's a pleasure to work with these students and rewarding to see them grow into successful winemakers.

Editors note: watch for other articles about Arizona's wine industry in the future. We hope to continuously cover the potential of this very important commodity in Arizona.

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Empowering Ag Leaders Offers Rich Content!



Vance Crowe

The work of the Arizona Farm Bureau delegate body is our most important work. But over the course of our 2-day Annual Meeting, we'll also offer a deep dive into some very important topics including Understanding Disruptive Technology, Understanding Your Credit Score, Succession Planning and How to diversify your ag business to weather tough economic storms. We're calling the

to communicate that effectively resolve disagreements and builds rapport with critics and stakeholders.

Vance's Presentation: Surfing a wave in the middle of the desert: Why those willing to be a fool, become masters of disruptive technologies.

Technology is inherently disruptive, it creates new ways to accomplish our most ancient human goals; how to be fit, wealthy and happy. For those coming up in the world, disruption may be a welcomed change, an opportunity to raise their position in life. For those that have achieved balance, disruption is a threat to the stability they have built. As leaders of a critical agricultural institution, the Arizona Farm Bureau, how should you view the inevitable disruption? How do you prepare your members to face the chaos of the unknown? You can't adopt everything, but you can't ignore it either. In this talk, communications strategist, Vance Crowe, discusses the wavelike nature of disruptive technologies, offering the audience the skills to recognize and ride the wave rather than being swept over by it. Vance will highlight the key role leaders can play in keeping their members open to new ideas, the daily habits one can cultivate to spot new waves, and the skills to decide which technologies will ultimately disrupt the established order. The audience will leave with actionable skills, new people to engage with, and have compelling reasons to be willing to be a fool.

Plus, Wednesday afternoon concurrent sessions

- Understanding Your Credit Score - Bob Baker, Assistant Vice President, Farm Bureau Bank
Changing Hands - Your Legacy, Their Future - Michael Simpson, Regional Consultant, Farm Bureau Financial Services
Diversifying your Ag Operation Panel (Agritourism, Direct Marketing) - Panel

experts in on a variety of these issues. Not only core topics important to our farm and ranch businesses, we'll hear from the experts as it relates to our political climate and what to expect in the 2020 election year.

This year, our keynote is Vance Crowe, a communications consultant that has worked for corporations and international organizations around the world. He has spoken before more than 90,000 people, answering questions about some of the most sophisticated and controversial technology in the modern age. Vance helps organizations realize why the general public doesn't agree with their perspective and offers new ways

Give Away continued from page 1

compared to their urban counterparts. These include limited access to broadband, high transportation costs and a lack of access to business networks. We're very interested to see how entrepreneurs working in food and agriculture will use startup funds provided by the Challenge to take their businesses to the next level."

Ten semi-finalist teams will be announced on Nov. 5 and awarded \$10,000 each. All 10 semi-finalist teams will travel to AFBF's Annual Convention, in Austin, Texas, in January 2020, with all expenses paid, to compete in a live competition to be the Farm Bureau Entrepreneur of the Year. The 10 teams will compete in Austin to advance to the final round where four teams will receive an additional \$5,000 and compete live on stage in front of Farm Bureau members, investors and industry representatives. The final four teams will compete to win:

- Farm Bureau Entrepreneur of the Year award and \$15,000 (chosen by judges), for a total of \$30,000
- People's Choice award and \$10,000 (chosen by public vote), for a total of \$25,000

Entrepreneurs and startups with businesses in the following categories are encouraged to apply:

- Farm, ranch, greenhouse, aquaponics
- Input product or crop variety
- Method or tool for growing, monitoring or harvesting crops or livestock
- Production support services
- Retail, agritourism or farm-to-table business
- Food/beverage/textile product or ingredient
- Method of production, preparation or packaging of food/beverage/textile products or ingredients
- Value-added processing including yogurts, cheeses and processed meats, wineries, breweries, cideries and distilleries

Entrepreneurs must be Farm Bureau members to qualify as a top-10 semi-finalist. Applicants who are not Farm Bureau members can join Arizona Farm Bureau online at www.azfb.org/join. Detailed eligibility guidelines, the competition timeline, videos and profiles of past Challenge winners are available at <http://fb.org/aginnovationchallenge>.

Testing Your Ag Business Idea in the Marketplace

By Dalton Dobson, MBA, loan officer for Farm Credit West

In the United States Department of Agriculture (USDA) National Agricultural Statistics Service's (NASS) 2017, "Census of Agriculture," they found the number of farms and primary producers decreased by 67,083 in the United States from 2012 to 2017. That is three farmers going out of business every day!

That's three families that do not get to pass on to their kids what they have worked so hard to build, three families that now must find a 9 to 5 job, three families that potentially must move away from their home to find work. If we, as farmers and ranchers, are going to stay in business we need to find a way to capture as much profit as we can. This isn't always easy because as you know agriculture producers tend to be price takers.

Is There a Market for Your Business Idea?

Think of the new marketing strategy (or new business) you are wanting to start and ask yourself the following questions.

1. Is there a need for the product/service?
2. Do I have the required experience in the industry?
3. Do I have the needed resources to produce the good or service?
4. Are there customers who would pay for it, and is my business model sustainable (will it make me money)?

While pursuing my MBA at Utah State University, I had a professor that introduced

me to the NERCM method. The NERCM method is an easy way to evaluate your new idea and see the areas you may lack. NERCM stands for **Need, Experience, Resources, Customers, and Model**. Dr. Michael Glauser developed this model after noticing that almost every business that fails has one of these aspects either missing or underserved.

The Need, Experience, Resources, Customers, and Model

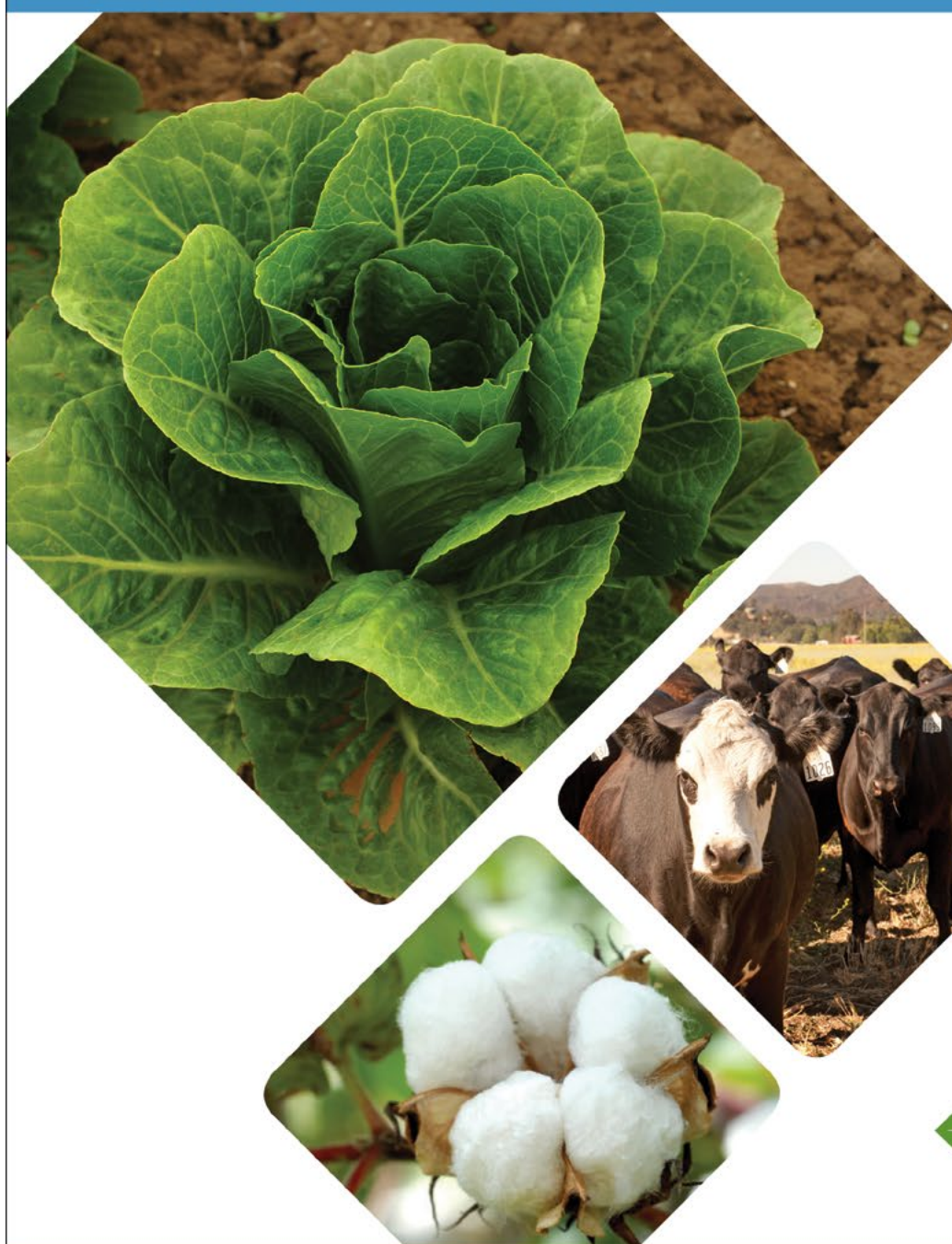
One of the biggest misconceptions new business owners have is that if their idea is new and exciting it will sell. To some degree this can ring true. However, if your potential customers on the other end don't see a need or it doesn't solve a problem for them, you will be hard-pressed to tear them away from their hard-earned dollar.

So how can you decide if consumers will want your product or service before you spend a lot of time and money developing it? By having conversations with the consumers.

I know this may seem like common sense, but many new businesses are started purely on the, "I think that would do great here" statement. Again, if the people you are wanting to do business with do not find value in whatever you are doing, your business will never make it.

So where would someone start by gathering the market data to understand if the

See **MARKETPLACE** Page 8



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Arizona Farm Bureau President Applauds Updates to the Endangered Species Act

Staff Reports

Last month, U.S. Secretary of the Interior David Bernhardt announced improvements to the implementing regulations of the Endangered Species Act (ESA) designed to increase transparency and effectiveness and bring the administration of the act into the 21st century.

In its more than 45-year history, the ESA has catalyzed countless conservation partnerships that have helped recover some of America's most treasured animals and plants, from the bald eagle to the American alligator. The Act is credited with helping save the bald eagle, California condor and scores of other animals and plants from extinction since President Richard Nixon signed it into law in 1973. Currently, ESA protects more than 1,400 species in the United States. The near-extinction of the bison and the disappearance of the passenger pigeon helped drive the call for wildlife conversation starting in the 1900s.



Arizona Farm Bureau President Stefanie Smallhouse joined Interior Secretary David Bernhardt at last month's announcement and signing ceremony of the Endangered Species Act reforms. Also pictured is Bevan Lister (far left), Nevada Farm Bureau President and Brian Searle (far right), Idaho Farm Bureau President.

"The finalization of these updated rules is a very positive sign of progress towards a more sensible implementation of the Endangered Species Act," said Arizona Farm Bureau President and southern Arizona rancher, Stefanie Smallhouse, who was present at last month's ESA announcement and signing. "When you designate critical habitat

for a species that not only doesn't exist in that area, but the habitat does not match its needs, that's a power grab to control people's livelihoods plain and simple. That's activist management, not resource management. Most folks realize that doesn't make sense and it wastes resources which could be used in areas of true critical habitat. These rule changes bring back focus to the intent of the ESA and will make more efficient use of the efforts to conserve species."

"The best way to uphold the Endangered Species Act is to do everything we can to ensure it remains effective in achieving its ultimate goal — recovery of our rarest species. The act's effectiveness rests on clear, consistent and efficient implementation," said Secretary Bernhardt. "An effectively administered act ensures more resources can go where they will do the most good: on-the-ground conservation."

"The revisions finalized with this rulemaking fit squarely within the President's mandate of easing the regulatory burden on the American public, without sacrificing our species' protection goals," added Secretary Bernhardt. "These changes were subject to a robust, transparent public process, during which we received significant public input that helped us finalize these rules."

American Farm Bureau weighed in on last month's historical announcement. "The Endangered Species Act reforms serve the needs of imperiled species as well as the people most affected by implementation of the law's provisions," said American Farm Bureau President Zippy Duvall. "This makes real-world species recovery more likely as a result.

"These new regulations restore the traditional distinction between threatened and endangered species. That's important. In the real world, the things we must do to restore a threatened species are not always the same as the ones we'd use for endangered species. This approach will eliminate unnecessary time and expense and ease the burden on farmers and ranchers who want to help species recover.

"Plus, this rulemaking reform will also simplify environmental review and inter-agency consultations while maintaining effective species protections. Keeping species on the endangered list when they no longer face the threat of extinction takes valuable resources away from species that still need ongoing protection under the ESA. These new regulations will provide much needed consistency in the listing and de-listing process to better allocate critical resources to species in need.

"Finally, we are pleased to see one other, common-sense matter: Lands to be designated as unoccupied critical habitat for threatened and endangered species will have to actually include at least one physical or biological feature needed to conserve the species. Farm Bureau welcomes all of these changes."

The changes finalized by Interior's U.S. Fish and Wildlife Service and Commerce's National Marine Fisheries Service apply to ESA sections 4 and 7. Section 4, among other things, deals with adding species to or removing species from the act's protections and designating critical habitat; section 7 covers consultations with other federal agencies.

The ESA prohibits both agencies from making listing determinations based on anything but the best available scientific and commercial information, and these will remain the only criteria on which listing determinations will be based. The regulations retain language stating, "The Secretary shall make a [listing] determination solely on the basis of the best scientific and commercial information regarding a species' status."

How species are listed and what classification - endangered or threatened - they are designated has significant impacts for the species and the surrounding areas of their habitat. Similarly, the process for which species are delisted from ESA is of great importance.

Species that are recovered but are not delisted can divert critical, limited resources away from species that most need support and protections by law. Accordingly, the revisions to the regulations clarify that the standards for delisting and reclassification of a species consider the same five statutory factors as the listing of a species in the first place. This requirement ensures that all species proposed for delisting or reclassification receive the same careful analysis to determine whether they meet the statutory definition of a listed species.



The Act is credited with helping save the bald eagle from extinction since President Richard Nixon signed it into law in 1973.

While this administration recognizes the value of critical habitat as a conservation tool, in some cases, designation of critical habitat is not prudent. Revisions to the regulations identify a non-exhaustive list of such circumstances, but this will continue to be rare exceptions.

When designating critical habitat, the regulations reinstate the requirement that areas where a threatened or endangered species is present be evaluated first before unoccupied areas are considered. This reduces the potential for additional regulatory burden that results from a designation when species are not present in an area. In addition, the regulations impose a heightened standard for unoccupied areas to be designated as critical

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The Cotton Market is a Scary Thing Right Now

By Julie Murphree, Arizona Farm Bureau Outreach Director

The other day via my @CottonAggie Twitter account I reported, “Arizona farmers expect this year’s upland cotton crop to yield an average of 1,527 pounds per acre, the third highest yield ever recorded,” according to the United States Department of Agriculture National Agricultural Statistical Services (USDA-NASS) August report. As a cotton farm kid, I’ve always maintained a sense of awe about what our state’s farmers can do with this very high-maintenance crop. But we may be too good for our own cotton breeches.

Yes, we’re that good, along with California. Compare this figure to the United States’ average cotton yield of 855 pounds per acre. With 163,965 acres of Upland cotton planted this season, we regularly rock our yields. Our good yields, today’s cotton prices and the trade war with China seem like a perfect storm.

“In my part of the world [Pima County] we have as good of a cotton crop as I’ve ever seen,” says Arnold Burrue, owner of Burrue and Burrue Farms and second-generation Arizona cotton farmer. “If the U.S. comes up with a monster crop, you might see prices as low as the 40s. We’ll have a complete saturation in the market; we have the trade wars going on. My cotton crop looks average to above average but some of my neighbors and friends have fantastic looking cotton; as good as I’ve ever seen it.”

Of course, the USDA NASS report on predicted yields could be all wrong. Several Arizona cotton farmers will tell you their crop looks “barely average.” It just depends on who you talk to and how early they were able to plant this spring when above average spring rains kept some farmers from planting in the optimum planting window.

The price of cotton as of August 16, 2019 was \$0.60 per pound (latest date I could capture before going to press). To grow this fluffy, white stuff in Arizona, it will cost you, on average, 83 cents per pound. The price of cotton has dropped more than 20% over the past four months, since mid-April, and even more if one goes as far back as last year.

To make matters worse, right now cotton demand is weak while exports are uncertain. Price and basis should eventually improve (it always does), but only if this trade mess improves. Says Arizona cotton farmer and Arizona Farm Bureau member Ron Rayner, “Trade disruptions have driven down cotton consumption worldwide.” A third-generation Arizona Farmer, Rayner is a partner in A-Tumbling-T Ranches with his two brothers, Earle and Robert and his nephews John and Perry, growing cotton, alfalfa and grains in the Goodyear, and Gila Bend, Arizona areas. He also farms in California.

As market uncertainties prevail, even economists are noting the challenges.

“I don’t believe I have ever seen farmers, always the eternal optimists, this disillusioned,” said Don Shurley, University of Georgia Cotton Economist in a July 13 editorial in AgFAX.com regarding the current cotton market. “Not just this season, but some have suffered through two to three consecutive years of production struggles of some type. Now, on top of that, markets for the second year in a row, are being ripped apart by trade disagreements.”



Only a few months away from harvest, the nearly 164,000 acres of cotton planted in Arizona has an uncertain outcome in today’s crazy global market.

This is the 3rd consecutive month that global use has been cut or down. Most of the reduction was due to lower use projected for China and India.

Many cotton market economists are questioning why the USDA would raise U.S. exports potential by 200,000 bales when the industry has been told for months that worldwide demand is shrinking due to the trade war and its impact on the world economy. Some feel it’s even stranger that production estimates in every other major cotton producing country went unchanged or declined except here in the United States.

Ultimately, the biggest worry involves the trade wars. “Our main concern is the long-term effects of the trade. The Chinese government through the imposition of import tariffs is forcing their textile industry to source cotton elsewhere,” explains Paul Bush, President for CALCOT, the Arizona marketing arm for most of our Arizona cotton farmers.

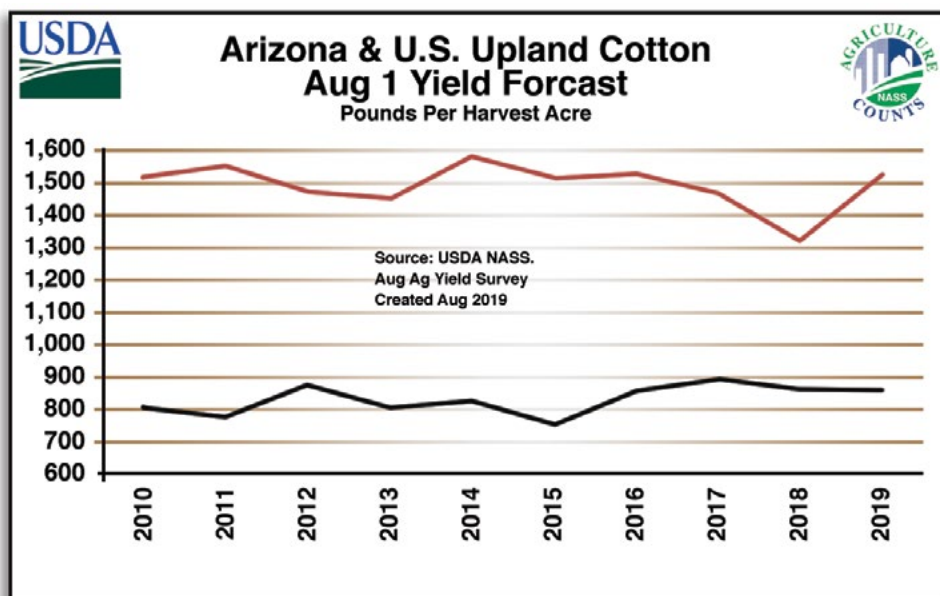
Regularly in contact with their global buyers, CALCOT is aware that Chinese mills do not wish to source non-U.S. cotton; they’re being forced to due to the 25% import tariff imposed by their government.

Historically, we’ve been farming cotton commercially in Arizona since 1917. Former executive vice president of the Arizona Cotton Growers, Rick Lavis, once said, “Regardless of what one thinks we should be doing, mainly because of Arizona’s weather we can create this kind of high-quality product

out here because we manage our resources so well. And as a result, our cotton yields are consistently twice the national average.”

But, with this type of market outlook, it stings a bit to look at big production numbers, even when we’re proud of what we can do with Arizona’s soil, sun and water. As we track the price of cotton, let’s hope China and the U.S. settle their stand-off and prices move in a better direction.

For Arizona cotton farmers Burrue, Rayner and others, this perfect storm needs to dissipate. 🍌



According to USDA-NASS, Arizona cotton farmers are expected to produce Upland cotton yields of 1,527 pounds to the acre, third highest yield ever recorded. However, several Arizona farmers I talked to indicate their yields will be below average.

Economist Shurley has devoted the last 30 years of his career to cotton growers and the cotton industry.

Besides the earlier USDA numbers shared on Arizona’s cotton increase in production, USDA released its August cotton estimates for the overall U.S. market. Expectation for the U.S. cotton crop was raised 520,000 bales from the July estimate due to increased acres planted and higher expected cotton yields. Many expected the increase, something reflected in the Arizona numbers. Additionally, the projection for U.S. exports for the 2019 crop marketing year was increased to 200,000 bales. In contrast, however, global cotton use and demand was cut 1.2 million bales from the July estimate.

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Marketplace

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need is there for your product or service? If you have a new idea for a business then you should already have some understanding of the market you want to serve or who you believe the customer will be. So start simple, ask a few of these prospective customers if your new product or service would fill a need or if it would just be a want. I am not suggesting you go around and tell people your business model from the get go. I am suggesting you create a brief survey or a list of questions to ask someone in a brief conversation in order to gauge whether this idea helps solve a problem or fills a need.

Let's say I operate a calf backgrounding operation and I take in other producer's calves. I think I can improve profits by utilizing my facilities and equipment that normally stand idle, for simplicity let's say my squeeze chute. If I can offer my customers a service to run their calves through my chute to vaccinate and brand them, I can lower my total vaccination cost by purchasing larger quantities of vaccines.

I can also boost my revenue without adding more customers simply by offering these services. In order to find out if my customers would be interested in such a service, I could ask them a few questions such as, "What is the largest expense when working your calves? Do you have to hire extra help when you work your calves?"

Remember this is an extremely simplified version, but by asking these two questions you are going to figure out if you can help these customers by improving their profit. If you have multiple customers who manage small operations, they might have to hire help to gather and work their calves, increased labor costs. They might have to ship cattle to a friend's facilities in order to have access to a squeeze chute, increased trucking costs. They also might have to purchase a week's worth of feed once a year come branding time because they don't have pasture available near the working pens, increased feed costs.

All these things add to the cost of that calf. If you could offer them a program in which they deliver their calves straight from their pasture or sale barn and you take care of the rest, you could show them that it could significantly save them time and money.

Everyone is willing to pay for things that improve their lives, especially if it can also save them money. Every idea you have to either improve your business or create a new business should be rooted in solving your potential customers' problems. Once your new business is up and running it doesn't end there, you should continue to ask your customers what they like and don't like about your service or product. Not every idea or complaint from a customer will be profitable, but every comment from them matters and is the best feedback you can have to improving your business. Adapting to new environments and markets is what kept our forefathers in business, and it will help you stay in business for generations. 🚗

Editor's Note: Watch for our ongoing webinars on sustainable business practices and more.



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Endangered Species

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habitat. On top of the existing standard that the designated unoccupied habitat contributes to the conservation of the species, it must also, at the time of designation, contain one or more of the physical or biological features essential to the species' conservation.

To ensure federal government actions are not likely to jeopardize the continued existence of listed species or destroy or adversely modify their critical habitat, federal agencies must consult with the U.S. Fish and Wildlife Service and National Marine Fisheries Service under section 7 of the act. The revisions to the implementing regulations clarify the interagency consultation process and make it more efficient and consistent.

The revisions address alternative consultation mechanisms to provide greater flexibility on how ESA consultations are implemented. They also establish a deadline for informal consultations to provide regulatory certainty for federal agencies and applicants without compromising conservation of ESA-listed species.

Revisions to the definitions of "destruction or adverse modification," "effects of the action", and "environmental baseline" further improve the consultation process by providing clarity and consistency.

In addition to the final joint regulations, the U.S. Fish and Wildlife Service finalized a separate revision rescinding its "blanket rule" under section 4(d) of the ESA. The rule had automatically given threatened species the same protections as endangered species unless otherwise specified.

The National Marine Fisheries Service has never employed such a blanket rule, so the new regulations bring the two agencies into alignment. The change im-

pacts only future threatened species' listings or reclassifications from endangered to threatened status and does not apply to species already listed as threatened. The U.S. Fish and Wildlife Service will craft species-specific 4(d) rules for each future threatened species determination when it is deemed necessary and advisable for the conservation of the species, as has been common practice for most species listed as threatened in recent years.

From comments received during the public comment period in making these regulatory changes, concerns were raised regarding the lack of transparency in making listing decisions and the economic impact associated with determinations. Public transparency is critical in all government decision making, and the preamble to the regulations clarifies that the ESA does not prohibit agencies from collecting data that determine this cost and making that information available, if doing so does not influence the listing determination.

The regulation revisions are available to anyone's review and assessment. In 2017, the U.S. Fish and Wildlife Service sought public input on how the federal government can improve upon the regulatory framework. They received substantial input from a wide range of stakeholders on modernizing the implementation of the ESA in order to improve collaboration, efficiency, and effectiveness. The results are the revisions we have today. 🚗



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