

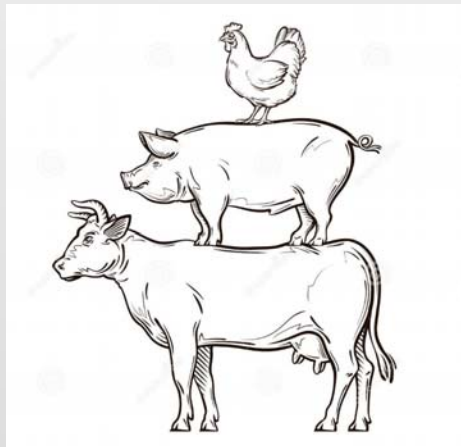
# PA HOUSE & RURAL AFFAIRS COMMITTEE

Informational Discussion

February 26, 2018



# RED BARN CONSULTING, INC



- ▶ Agricultural engineering firm based out of Lancaster, PA
- ▶ Active from Vermont to Virginia
- ▶ Land Development / NPDES plans: 75-100 annually
- ▶ Multi-species, with a significant focus and commitment to Dairy

# OBSERVATIONS OF THE CURRENT REGULATORY ENVIRONMENT – FARM LEVEL

- ▶ Types of regulations
- ▶ What's going well?
- ▶ What could be improved?
- ▶ What are the implications at the farm gate?
- ▶ Multi-state perspective



# OPERATIONAL & CONSTRUCTION REGULATIONS

- **Operational Regulations:**
  - ✓ PA Nutrient Management Act
  - ✓ Conservation Planning
  - ✓ CAFO permitting
- **Construction Regulations:**
  - ✓ Earth disturbance
  - ✓ Stormwater management
  - ✓ Waste storage design

- *Dairy Farming is a capital intensive business*
- *Expansion and improvement of facilities is:*
  1. **Mandatory to remain competitive**
  2. **Essential to environmental gain**

# MOST PENNSYLVANIA DAIRY FARMER'S REGULATORY CONCERNS REVOLVE AROUND CONSTRUCTION PERMITS

- ▶ Planning in the face of uncertainty on permit timing is a challenge
  - ▶ *Interest rates*
  - ▶ *Animal biology*
  - ▶ *Growing season*

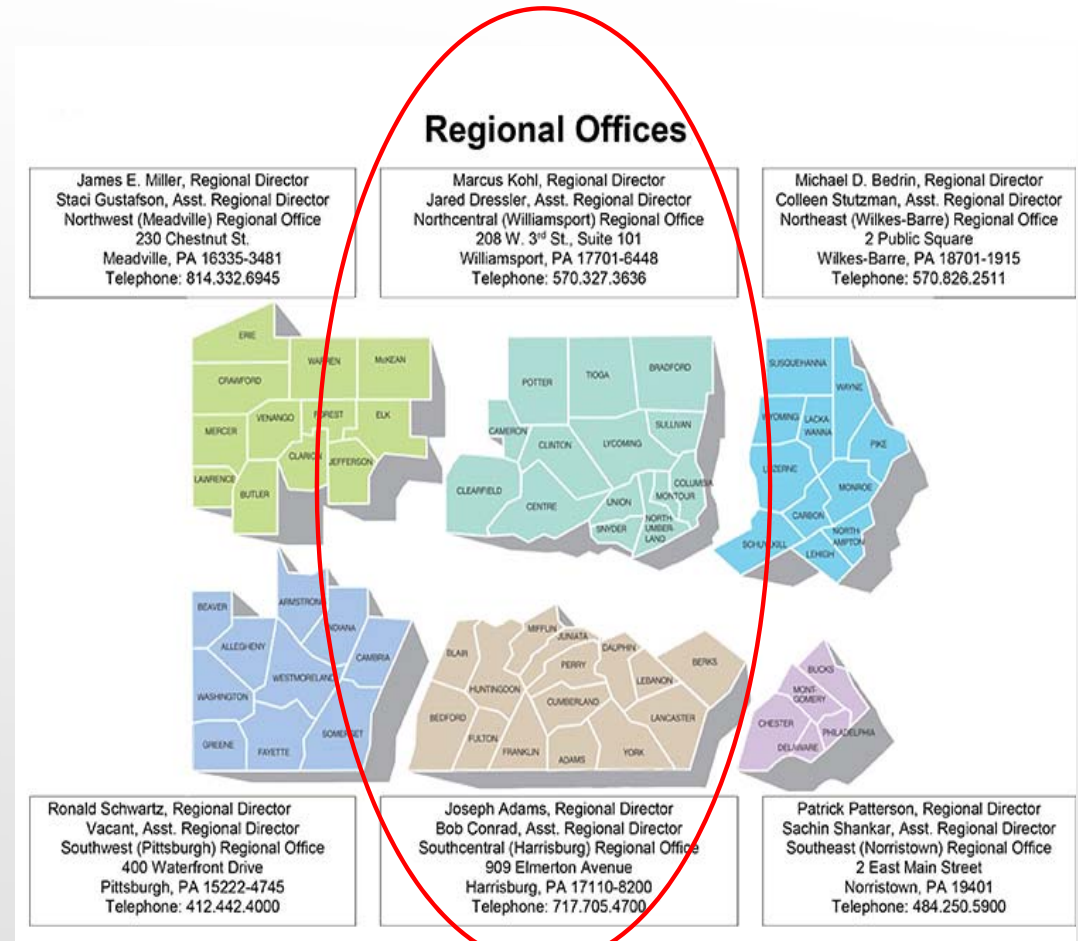


## WHAT'S GOING WELL (IN MY OPINION)?

1. In general, State level permitting is improving
  - ✓ Improved culture of dialogue and seeking solutions
2. Recognition at the highest levels of PADEP that agriculture is different
  - ✓ Agricultural advisory groups are being listened to
  - ✓ PDA and DEP collaboration

# MY TAKE

- Many of you probably hear nothing but negativity in this regard
- My perspective is long-term over the last 8-10 years
- Most of my clients are doing this once in their lifetime
- It is not perfect but in general we see improvement



# WHAT COULD BE IMPROVED UPON?

- 1. Continue to support the development of agriculture-specific solutions and practices – we are not building a Wal-Mart!**
  - ✓ *Best Management Practices that are farm-friendly and farm realistic*
  - ✓ *Recognition of and credit for current Agricultural best practices*
  - ✓ *Simplified/streamlined process for simple projects*
- 2. There remain many challenges at the local level**
  - ✓ *Inconsistencies between municipalities*
  - ✓ *Township Engineers trying to find balance for agricultural sites in the face of rapid development*
- 3. As the consultant, I have to do a better job of setting expectations and keeping my client informed**



# FARM GATE IMPLICATIONS

## 1. **Cost savings**

- ✓ *Engineering & soft costs have increased 5x in the last 10 years*
- ✓ *Site work costs are typically 2x*
- ✓ *This is not related to size of the operation – for a 150 cow dairy, this alone might add \$1,000 per cow to the cost of the project*

## 2. **Improvements in the farm's ability to business plan**

- ✓ *More predictable path forward makes it easier to plan and execute the plan = increased potential for success*

## 3. **Potential for less reliance on grants or other subsidies to address environmental needs**

- ✓ *Lender's only can make so much capital available*

# MULTI-STATE PERSPECTIVE

- 2016 Milk Production (Feb 2017 USDA)
  - ❑ NY - #3
  - ❑ PA - #6
  - ❑ VT - #17
  - ❑ VA - #24
  - ❑ MD - #29
- **GENERAL OBSERVATIONS:**
  - ✓ All of those states have agricultural permit exemptions above and beyond PA
  - ✓ Greater consistency in those states
  - ✓ Construction & permitting costs are site-specific, but in general, permitting & compliance for comparable projects in PA is 2-5x more costly vs. the other 4 states



THANK YOU!

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