

Assembly budget panel OKs \$5 million for Valley Senate committee approves only \$1.25m for projects

By Jake Henshaw, Sacramento Bureau
Visalia Times-Delta, Tuesday, May 23, 2006

SACRAMENTO - An Assembly budget panel quickly approved \$5 million Monday for a campaign to boost the economy of the San Joaquin Valley, setting a confrontation in upcoming budget negotiations.

A Senate subcommittee last week approved only \$1.25 million for the California Partnership for the San Joaquin Valley.

The partnership was created by Gov. Arnold Schwarzenegger last year, and he proposed \$5 million for it when he released his revised budget proposal for the 2006-07 fiscal year, which begins July 1.

This was the first state funding proposed for the partnership. Last year the state Business, Transportation and Housing Agency was to provide administrative support for the group out of existing funds.

BTH spokesman Chris Nance said the new proposal for additional state funding grows out of the magnitude of issues in transportation, education, air quality and other areas being identified by the group as it works on its recommendations due by Oct. 31.

"The idea is to help the folks in the Central Valley get underway and walk the talk with the actions being proposed," Nance said.

But Michael Cohen of the Legislative Analyst's Office has recommended that the entire \$5 million be deleted because the group's plan has yet to be developed.

"He [the governor] is asking the Legislature to fund a strategic action proposal without the Legislature knowing what actions are going to be proposed," said Cohen.

The Senate subcommittee also based its decision to cut the governor's request on the lack of a final plan. The \$1.25 million couldn't be spent until the partnership adopts a plan and submits a report to legislative budget officials detailing the group's governing plan.

The Assembly subcommittee approved the full \$5 million without discussion. Three of the panel's five members are from the San Joaquin Valley.

The differences next will be considered by a joint Assembly-Senate budget conference committee.

Valley fund

As proposed by the governor, the \$5 million budget for the California Partnership for the San Joaquin Valley consists of:

- \$1.7 million for two local staff positions to help manage the work of the partnership.
- \$600,000 for public forums, meetings and conferences.
- \$200,000 for communication costs.
- \$2.5 million for local competitive grants to carry out recommendations.

Goshen Company Plans Two More Central Valley Ethanol Plants

Valley Voice Newspaper, May 23, 2006

Goshen - Goshen-based Western Milling has formed a strategic partnership with Ethanol West LLC to build up to six new ethanol plants on the West Coast including two in the Central Valley. The company has announced it will build a 55 million-gallon plant in Keyes near Turlock and a

second plant of the same size in Famoso just south of Delano. Both facilities would be producing fuel in 2007, predicted president of the company Jeremy Wilhelm. The Keyes plant is being built next to A.L. Gilbert feed mill and the Famoso site is being built next to a site already owned by Western Milling, which is currently under construction.

Ethanol West LLC will build, own and operate their ethanol plant while Western Milling owned by the Kruse family will supply the corn used to make the renewable-based fuel and market the distiller grain that is a feed byproduct of the livestock industry.

Western Milling set out to attract an ethanol company to its Goshen site back in 2002 and succeeded in getting Phoenix Bio Industries including a 25-million-gallon plant under operation today - the first plant in California. As this paper goes to press the ethanol plant is being sold to a new company - Altra who is also an upstart builder of ethanol plants. Mr. Kruse says the sale of the plant to Altra is expected to close in June or July. Expansion plans are underway to take that Goshen plant to a 45-million-gallon capacity annually.

Jeremy Wilhelm says he has been working out of Goshen for just a month now having relocated from Omaha, Nebraska here after nine years in the Midwest ethanol industry.

"Ethanol makes sense for the economy, for the environment and politically," he says. "People require the rapid growth of the ethanol industry with the dot com craze but the ethanol industry unlike some on the dot com era does produce real revenue."

Asked if the central valley with eight plants on the drawing board or underway reaching a saturation point, Wilhelm notes that "it's getting there" even though the state uses one billion gallons a year. "If you blend at a higher rate, 10 percent ethanol that becomes two billion gallons," he says. The proposal of E-85 ethanol will mean more ethanol will be needed in the state.

Construction of more plants in the Golden State is more based on the byproduct distiller grain that is a high protein feed for cows and poultry. Unlike the Midwest which has to dry and process distiller grain, the grain is fed "wet" to cows here.

"But it has only a three- to five-day shelf life," notes Wilhelm, meaning the plants are ideally co-located or near livestock who eat the stuff. The Central Valley has the largest number of dairies and beef cattle, and along with poultry, are considered the best customers for the valuable byproducts. But if you cluster too many plants, it may drive down the profitability.

Western Milling is one of the largest diversified animal feed manufacturers and commodity merchandisers in California with nearly \$400 million in sales and over 230 employees. It has sites in California and Arizona. Western Milling distributes its products to more than 500 current active commercial dairy and poultry operations in the region.

Ethanol West, LLC is a newly formed Delaware, LLC headquartered in Goshen. Kevin Kruse, owner of Western Milling, LLC will be the CEO of Ethanol West. Joining the Ethanol West team will be Jeremy Wilhelm, President/COO, who most recently was one of the leading ethanol lenders in the country, Ejnar Knudsen, EVP, who was serving as EVP for Western Milling and Mike Rosa, Construction Superintendent, who most recently was Director of Engineering of the Western Region for Land O'Lakes.

Besides this new company, the newly formed Altra company has announced plans to build several bio fuel plants. In addition, Pacific Ethanol is underway with their Madera plant set to produce fuel this fall. The company has had an option to build on a Visalia plant site they still say might be built. Calgren Renewable Fuel is grading their Pixley site for a new plant expected to break ground this summer and also own a plant site in Hanford.

Wilhelm says all the 55-million-gallon sites will be identical in that they could expand to 100 million gallons. He says besides the two Central Valley sites, the company expects to build at Gila Bend where Western Milling has a site and in the Imperial Valley. This past week Pacific Ethanol announced an Oregon location. They are reported to be interested in a Stockton location as well.

Our future depends on that french fry smell

By Michelle Groh-Gordy, DriveTime Motorway

Published in the LA Daily News

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It's a murky gray-brown stew of noxious fumes, and every year in May I look up into the sky and dream about moving to a place where the air isn't so thick that you need a knife to cut through it.

Usually I am looking at the rancid air of San Bernardino County, the county with the worst ozone air pollution in the United States, as I drive down the freeway in my vehicle, which is adding to the problem.

There is hope on our smog-covered horizon, however, and it comes in the form of a marriage between a past enemy of the clean air cause and a current enemy of the palates of children - diesel vehicles and soybeans.

The product that may be the savior of the very air we breathe is called biodiesel. It is one of the cleanest fuels in existence, it is already available, and we don't have to depend on our neighbors overseas dredging up the liquefied remains of long-dead microorganisms to get it.

Older diesel vehicles are infamous for emitting highly toxic soot particles that have been linked to increased death rates and lung diseases such as asthma and lung cancer. At present, most new diesel cars and light-duty trucks manufactured in and after 2004 do not meet strict California vehicle standards and cannot be sold in California.

Now, diesel vehicles and their fuel sources are getting extreme makeovers. New, cleaner diesel vehicles that will meet California standards are expected to be available well in advance of the 2009 model year, when more stringent standards take effect. A better, cleaner diesel fuel will also be required nationwide by next month, further reducing emissions from diesel vehicles already on the road.

But the future of our respiratory tracts may depend on our use of biodiesel, an exciting fuel alternative for diesel vehicles made from vegetable oils or animal fats. Biodiesel can be used in any diesel vehicle with little or no modification required, can be pumped and stored from the same service station facilities that currently provide gasoline, is biodegradable and nontoxic and, most important, is made completely from renewable resources.

Even better? In addition to reducing net carbon dioxide emissions by 78 percent, as compared to petroleum diesel, biodiesel also comes with the added perk of making your car smell like french fries when it's running.

Though biodiesel's current cost is comparable to that of regular diesel, increased supply and demand will undoubtedly lower the price substantially over time.

Biodiesel has already met all the exacting standards of all concerned organizations, including the Environmental Protection Agency, the California Air Resources Board, the U.S. Department of Energy and the U.S. Department of Transportation.

If California, the world's fifth-largest economy and home to some 24 million motor vehicles, starts the ball rolling, the rest of America will surely not be far behind.

Should legislators take a firm stand and force the hand of automobile manufacturers and fuel companies - requiring them to offer an increasing quantity of diesel vehicles and biodiesel fuel and a decreasing quantity of gasoline and gasoline-fueled vehicles - it won't be long before we'll all be able to inhale sweet, clean air.

Perhaps someday, my grandchildren will look at me with dazed curiosity when I tell them of a time when the air was so brown and thick you could not see the mountains less than five miles from my home. Or that there was a time when we were so dependent on foreign oil, our very economy was threatened by our insatiable thirst for it.

And then they will ask me, with all sincerity, how I could have ever once dreamed of leaving a place as beautiful as this.

Michelle Groh-Gordy is a longtime traffic school instructor and the owner of [InterActive! Traffic School Online](http://www.trafficinteractive.com) <<http://www.trafficinteractive.com>> (<http://www.trafficinteractive.com>) . Send questions to drivetime@dailybulletin.com <<mailto:drivetime@dailybulletin.com>> or write to DriveTime c/o The Inland Valley Daily Bulletin, PO Box 4000, Ontario, CA 91761. Some reader questions will be answered in the paper on the last Monday of every month.

Lathrop chicken farm vote tabled

By Roman Gokhman, San Joaquin News Service
Merced-Lathrop Sun Post, May 19, 2006

LATHROP - The San Joaquin County Planning Commission recently delayed a vote on a 1 million-chicken poultry farm proposed for north of the city.

County Community Development Director Kerry Sullivan said she received a fax from the San Joaquin Valley Air Pollution Control District that warned of a potential health risk caused by odors that would emanate from the farm.

Lathrop officials, developers of nearby planned subdivisions and area owners of expensive new homes oppose the giant coop, which was proposed by the Olivera Family Partnership.

If approved, the poultry farm would be built over six years on seven acres of a 239- acre parcel on Undine Road.

Nearby homeowners fear that home values would plummet, and city officials worry that new homes would sit unsold and the city would lose money if the farm were built.

"Ag land includes chicken ranches, but that is not the place for one," said Lathrop resident Ronald Del Barba, one of about 40 residents who showed up to protest the poultry farm sporting a drawing of an X-ed out chicken.

The poultry farm has drawn plenty of opposition from Lathrop officials and residents in the surrounding subdivisions of Mossdale Village.

Residents and developers are worried that the stench from the farm will be carried by wind to the houses there, as well as the planned development of River Islands and other areas west of Interstate 5.

Complaints have also centered on the project 's location in a region prone to flooding and its potential to prevent future housing development. The latter could cost Lathrop millions of dollars, officials say.

Dean Ruiz, who represents developer Richland Planned Communities, at a May planning commission meeting said that if commissioners OK the project, Richland could appeal the decision to the board of supervisors.

"It depends on what the final project looks like and what mitigating factors are included," he said. County planners disagreed with the complaints. Planners said in a report that flooding would not be a problem, because all facilities would be built a foot above the flood plain.

As far as the land-use issue, county staff said that since the farm would lie on agriculture-zoned land and outside Lathrop 's sphere of influence, and because the county has a right-to-farm ordinance, residents who move into homes in the area would have to accept the possible inconveniences of smell or dust.

The proposed farm would have six egg-laying houses, a processing plant and a waste area on the north part of the property.

A belt system would be installed under all chicken cages to catch manure, cross-ventilation would reduce odors and manure would be removed twice weekly.

According to a staff report, the manure would be removed from that area twice a year, during the spring and fall planting seasons.

Chickens who reach their egg-producing limit would be killed using carbon monoxide gas, and all dead chickens would be incinerated on the property.

The air pollution district previously said odors would be contained by the ventilation system but apparently changed its mind at the last minute. Sullivan said she had not been able to reach anyone at the district after getting the fax.

To comment on this story, call 239-6351 or e-mail spnews@sunpost.net <<mailto:spnews@sunpost.net>>.

Berkeley mayor named to air board

From Staff Reports

Tri-Valley Herald Thurs., May 18, 2006

Berkeley Mayor Tom Bates has been appointed to the board of the Bay Area Air Quality Management District, his office has announced.

The Alameda County Conference of Mayors unanimously voted to appoint Bates to the air quality board at its meeting last week.

The air district, the region's air-quality regulatory agency, is launching an effort to address greenhouse-gas emissions, which Bates has been leading an effort to address.

Bates will represent Berkeley and all Alameda County cities. "I view this as an important opportunity to aggressively pursue efforts to improve air quality and protect the health of the people in our community," Bates said in a statement.

During a recently completed term as president of the Alameda County Conference of Mayors, Bates led an initiative to reduce greenhouse-gas emissions in the county.

Ag News

Valley Voice Newspaper, May 23, 2006

Calling it "Enron accounting" the Sierra Club and others sued the Valley Air Board over **Rule 4550 Conservation Management Practices** undertaken by farmers to reduce particulate matter in the Valley. The rule requires farmers to perform 5 conservation management practices for each crop they grow on each piece of land. The district says since the practice was instituted there was a 35 ton a day reduction in PM10.