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Settlement reached in Duarte lawsuit

By **TIM HEARDEN**
Capital Press

SACRAMENTO — Agriculture advocates say they are mildly disappointed by the \$1.1 million legal settlement farmer John Duarte reached with the federal government over his alleged violation of the Clean Water Act.

Under the agreement, which is pending a judge's approval, Duarte would admit no liability but pay the government \$330,000 in civil penalties, purchase \$770,000 worth of vernal pool mitigation credits, and do additional work on his property in Tehama County, his attorneys said. The U.S. Army Corps of Engi-



Courtesy of Pacific Legal Foundation

Pacific Legal Foundation attorney Tony Francois, right, and farmer John Duarte have reached a settlement with the federal government. Duarte was accused of plowing wetlands in violation of the federal Clean Water Act.

neers had sought \$2.8 millions in fines as well as mitigation credits after accusing Duarte of plowing

through wetlands while planting a wheat field on his property in Tehama County, Calif., in 2013.

Paul Wenger, president of the California Farm Bureau Federation, said he understands Duarte's desire not to risk losing millions more by continuing to fight. But he said the agreement illustrates that the government has too much leverage when it's backed by sympathetic courts.

"It's unfortunate that we see this time and time again with a number of cases," Wenger told the Capital Press. "The government will ask for, and the court will say, they're going to put these huge penalties out there and you could be tied up in court for 10 or 12 years. ... It's unfortunate."

"It's no longer a government of the people, by the people," he said. "It's almost that the government

agencies are above reproach."

Rep. Doug LaMalfa, R-Calif., a rice farmer and House Agriculture Committee member, said he's "bitterly disappointed" by the settlement, arguing it means land that is left fallow for too long essentially belongs to the government.

LaMalfa, whose district includes Duarte's land, had urged Attorney General Jeff Sessions to "call off the dogs."

Duarte, who also owns Duarte Nursery in Modesto, Calif., said in a statement that agreeing to the terms "was a difficult decision" that he reached reluctantly.

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BIODYNAMIC

A different kind of agriculture involves unusual practices, but producers stand by their results

By **JOHN O'CONNELL**
Capital Press

VICTOR, Idaho — "Auntie Em!" A small, Brown Swiss cow grazing in sight of the Teton

Range raised her head upon hearing Mike Reid's call. She trotted to her master's side and licked his face.

"My cows are pets," explained Reid, owner of Paradise Springs Farm, a 30-cow dairy where the livestock have names and are celebrated for their unique personalities. "Some people have cats and dogs; I have cows."

Paradise Springs is part of a cluster of small farms employing biodynamic agricultural practices in this small, Eastern Idaho town. The quirky, management-intensive system arrived in the U.S. in the early 1990s. In recent years, domestic biodynamic production, though still tiny compared to conventional farming, has grown by 10 to 15 percent a year. But it's long been popular in Europe and traces back to the 1920s, when German philosopher-scientist Rudolf Steiner gave lectures on an approach to food production that regarded a farm as a self-sufficient "organism," shunning chemical fertilizers and farm inputs and promoting a variety of esoteric production practices designed to help crops and livestock better capture "cosmic" energy.

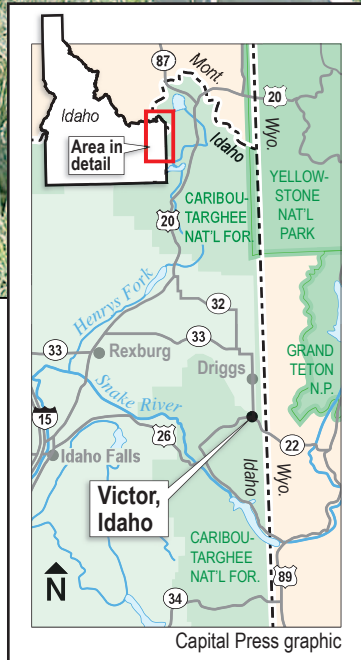
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John O'Connell/Capital Press

Mike Reid and Tibby Plasse tend to their cattle at Paradise Springs Farm, a biodynamic dairy in Victor, Idaho. Their production method uses only inputs generated on the farm, treating it as a living organism, and also includes several esoteric farming practices to improve soil health.

Where the livestock have names and are celebrated for their unique personalities



Capital Press graphic

Loans stable despite falling farm incomes

Farmers built up financial buffer during boom years, experts say

By **MATEUSZ PERKOWSKI**
Capital Press

Despite dropping farm incomes, the volume of past-due loans has remained relatively stable within the Farm Credit System nationwide network of agricultural lend-

ers. As of mid-2017, the system reported roughly \$2 billion in non-performing loans, such as those past due or that aren't being paid back.

While that amount has risen since the most recent low of \$1.6 billion in 2015, it's

at roughly the same level as in 2013, when U.S. farm incomes were nearly twice as high as they are now.

Similarly, Farm Credit lenders have charged off \$16 million as bad debt during the first half of 2017, up from \$12 million at this point last year.

To compare, charge-offs reached \$61 million by mid-2013.

Though it may seem surprising the system's credit quality hasn't deteriorated as steeply as farm incomes, experts say many growers built up enough of a financial buffer to keep up with debt obligations.

"They've had some very positive years, so they're better prepared," said Regina Gill, vice president of investor relations for the Federal Farm Credit Banks Funding Corp., which raises funds for the network and tracks its finances.

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