



June 2018 Newsletter

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MGFA Hosting Annual Feed Forum in St. Cloud on June 19

The MGFA has finalized plans to hold its annual Feed Forum on **Tuesday, June 19** at the Best Western Kelly Inn, St. Cloud. This meeting is designed specifically for feed mill owners, managers and employees, annually exploring the issues of the day, operational efficiencies, the legislative and regulatory environment, etc. The networking opportunity with your industry colleagues is unparalleled. This year's tentative agenda (which can be viewed at www.mgfa.org/news-events/calendar-of-events/) includes a continued focus on FSMA compliance, current CGMP inspections, vitamin issues, sales training tips, a look at federal issues impacting the feed industry and more. The registration fee is \$95/person for members (\$115/person for non-members), which includes hand-out materials, breaks & lunch. To register, visit www.mgfa.org/news-events/calendar-of-events/. NOTE: The hotel is offering a special \$95 rate for MGFA attendees by calling (320) 253-0606.

Feed Forum Speaker Spotlight: Kale Causemaker, Western Regional Manager, DSM Animal Nutrition
– Kale will be covering vitamin supply issues and outlook. More specifically, he will discuss: the plant fire

and progress being made on rebuilding the plant and inventory; overall progress of rebuilding foreign production; what will determine where vitamins will be produced; where we can expect vitamin prices to end up; are we likely to see additional regulations and safeguards in the industry to ensure product safety and quality; and more.

MGFA Participating in D.C. Congressional Fly-in This Week

The MGFA Executive Director Bob Zelenka and Assistant Director Laura Lemke will be participating in a Congressional Fly-in to Washington D.C. this week, joining with members of the National Grain and Feed Association and various other state grain and feed association executives, staff and members. The issues to be discussed will include: Trade – protecting and expanding market access; Waterways – reclaiming our comparative infrastructure advantage over foreign competitors; Rail Disruptions – getting to adequate and predictable rail service; FSMA – avoiding unnecessary regulatory burdens; Farm Bill – keeping the CRP right-sized; and whatever our Congressmen and Senators (and staff) want to discuss with us. Always an interesting adventure!

DOT Provides Regulatory Guidance on Transportation of Agricultural Commodities

By Max Fisher, NGFA Director of Economics and Government Relations

The U.S. Department of Transportation (DOT) on May 31 issued a regulatory guidance clarifying the agricultural commodity exception to the hours-of-service regulations. Under the exception, agriculture haulers operating within 150 air-miles of the source of their agricultural products do not have to comply with hours-of-service regulations, including the Electronic Logging Device (ELD) rule. The exception applies to the transportation of non-processed food, feed, fiber, or livestock and insects and will be relied upon by many agricultural haulers after the agriculture industry's exemption from the ELD rule expires on June 18, 2018.

The guidance clarifies a longstanding question on whether drivers hauling in and out of grain elevators are eligible to use the agricultural commodity exception, noting that a place where the commodity is aggregated and stored may be treated as a "source" from which the 150 air-mile radius is measured. Thus, an agricultural commodity may have several "sources." For grain, both a field and a grain elevator are considered a source. However, the exception cannot be used once the commodity is processed to such an extent that it is no longer in its original form or does not otherwise meet the definition of an agricultural commodity.

The guidance also clarifies that when agricultural commodities are loaded at multiple sources during a trip only the first loading point can be considered a source.

Further, DOT explains that the exception applies to all portions of a round-trip involving agricultural commodities that occur within the 150 air-mile radius of the source, regardless of whether the truck is loaded or empty or whether the destination is outside the 150 air-mile radius. Upon crossing the 150 air-mile point, however, the driver would be subject to the hours-of-service rules for the remainder of the trip to the destination. The hours accumulated within the 150-mile radius are not counted toward the driver's hours-of-service. Returning empty, the driver would be subject to the hours-of-service rules until returning within the 150 air-mile radius in which the trip began.

The webpage at www.fmcsa.dot.gov/ag provides resources to help with regulations applicable to agriculture and how to use an ELD when operating under an agricultural exception. Below are common questions and answers with respect to the agricultural commodity exception.

Q: Does the agricultural commodity exception apply to drivers while driving unloaded within 150 air-miles of the place where an agricultural commodity will be loaded, and to that portion of an unloaded

return trip which occurs within a 150 air-mile radius of the place where the agricultural commodity was loaded?

Guidance: Yes, provided that the trip does not involve transporting any non-agricultural cargo and the sole purpose of the trip is to make a pick-up or delivery of agricultural commodities. In that case, driving and on-duty time are not limited.

Q: Does the agricultural commodity exception apply if the destination for the commodity is beyond the 150 air-mile radius from the source?

Guidance: Yes, the exception applies to transportation during the initial 150 air-miles from the source of the commodity, regardless of the distance to the final destination. Once a driver operates beyond the 150 air-mile radius of the source, the driver is then subject to the limits under the hours-of-service rules and must record those hours. Once the hours-of-service rules begin to apply on a given trip, they continue to apply for the duration of that trip, until the driver crosses back into the area within 150 air-miles of the original source of the commodities.

Q: How is the “source” of the agricultural commodities determined?

Guidance: The “source” of an agricultural commodity is the point at which an agricultural commodity is loaded onto an unladen commercial motor vehicle. The location may be any intermediate storage or handling location away from the original source at the farm or field, provided the commodity retains its original form and is not significantly changed by any processing or packing. If a driver is making multiple trips, the first trip, and the 150 air-mile exception around that source, terminate once all agricultural products are offloaded at a delivery point. A new source for a new trip may then be identified, and the 150 air-mile radius for the exception will be around that source.

For example, a sale barn where cattle are loaded may be treated as a “source,” in addition to the location at which they were raised, since cattle remain livestock. As another example, a place where heads of lettuce are stored may become a “source,” provided they retain their original form. An elevator where grain is collected and dried may be a new “source,” again assuming the grain is not milled or similarly processed at the elevator.

Q: How is the “source of the agricultural commodities” determined if the driver makes multiple pick-ups of the commodity en route to the final destination?

Guidance: When a driver loads some of an agricultural commodity at a “source” and then loads more of that commodity at additional stops, the first place where the commodity was loaded is the measuring point for the 150 air-mile radius.

Annual Golf Outings Planned

The MGFA will again be hosting two summer golf outings – one north and one south. The Red River Valley Golf Classic will be returning to the Oak Knolls Golf Course in Red Lake Falls on **Wednesday, July 18**, featuring a 9-hole affair starting at 11:00 a.m. and concluding at approximately 1:30 p.m. with a steak luncheon sponsored by the Minnesota Wheat and Barley Growers Association. The southern Minnesota outing this year will be held at the Dacotah Ridge Championship Golf Course at Jackpot Junction, Morton, an 18 hole event scheduled for **Wednesday, August 15**. To register, visit www.mgfa.org/news-events/calendar-of-events/.

MGFA Member Salary, Benefit and Profile Survey Completed

The MGFA conducts a membership profile, salary, wage and benefits survey every 2-3 years. The 2018 membership survey was conducted in April and released this week. The return rate for the survey was 21%.

The survey was broken down by Standard Industrial Classification (SIC) Code and the new U.S. Census Bureau, North American Industry classification system (NAICS) – grain elevators with SIC 5153/NAICS CODE 424510 and feed mills with SIC 2048/NAICS CODE 311119. The aggregate results are available to General Managers, Owners and Board Chairmen ONLY.

Here are some of the Survey Participant Profile Highlights:

*Combined average annual sales volume (co-op and independent elevators) for 2017 was nearly \$46 million.

*The combined average grain elevator throughput in 2017 for the respondents was 8,380,137 bushels

*The average number of elevator employees was 11.4 for independents and 22.1 for co-op elevators

*For feed mills, the average sales volume in 2017 was \$2,833,455, average tons/year in sales of complete feed at 37,440 tons, with an average of 9 full time employees and in the business for over 73 years.

*The average age of the manager was 48.8 for independent elevators, 57.6 for co-op elevators and 56.3 for feed mills.

Safety Refresher - Combustible Dust and OSHA Housekeeping Requirements

Housekeeping Assists in Mitigating Potential Combustible Dust Hazards!

Housekeeping is an important part of any safety and health program, especially in facilities where combustible material might accumulate. The Occupational Safety and Health Administration's (OSHA) grain handling standard (1910.272) requires the employer to develop and implement a written housekeeping program to help eliminate these potential dangers.

The components of a housekeeping program primarily include:

1. Written Instructions
2. Frequency of Inspections
3. Frequency of Cleaning
4. Methods of Cleaning
5. Spills and Leaks
6. Dust Control Equipment

Identify "priority" housekeeping areas in grain elevators that are known to be potential sources of ignition. OSHA requires that these include: Floor areas within 35 feet of inside bucket elevator legs, enclosed areas containing grinding equipment, and enclosed areas containing grain dryers located inside the facility.

Address the methods for removing grain spills from work areas, which include" Sweeping, shoveling, and vacuuming, blow down and/or wash down. Note that the use of compressed air to remove dust is permitted by OSHA only when all machinery that presents a source of ignition in the area is shutdown, and all other known potential ignition sources are removed or controlled.

Clean and inspect priority areas daily. Other areas inside the grain elevator but outside of the priority housekeeping areas should be inspected and cleaned at least weekly, or more frequently if needed. Surrounding outside areas should be checked weekly and cleaned as needed.

Report and clean up spills and leaks promptly. Resolve the cause of leaks and spills before resuming operations. Dust collection systems need to be maintained on a regular basis to remain effective. Leaks need to be repaired as soon as possible and dust collection bags need to be replaced as needed. Employees should also notify their supervisor or manager of any housekeeping concerns at any time.

Grain dust is the main source of fuel for explosions in grain handling facilities.

The OSHA grain handling standard allows a maximum accumulation of no more than 1/8th-inch in priority housekeeping areas. If dust accumulations exceed the 1/8th-inch action level, means or methods must be initiated immediately to remove such accumulations. The employer may use alternative means to the 1/8th-inch action level so long as the alternative can be demonstrated to provide equivalent protection from

explosions. The NGFA expands on an example of a housekeeping program in its Safety and Health Compliance Manual, which can be found here.

When combustible dusts ignite, there are often two explosions, known as primary and secondary explosions. The primary dust explosion is the first explosion. It occurs when there is a dust suspension in a confined space (such as a container, room, or piece of equipment) that is ignited and explodes. The primary explosion will shake other dust that has accumulated. When this dust becomes airborne, it also ignites. This secondary dust explosion is often more destructive than the primary one.

Source: National Grain and Feed Association (NGFA), Arlington, VA, 202-289-0873.

For more information, you can contact the Minnesota Grain and Feed Association Safety Director Dave Nelson dnelson@ndgda.org 218-784-8140 or the NGFA staff - Jess McCluer, VP of Safety and Regulatory Affairs, or Jim Seibert, Manager of Training, Education, and Regulatory Affairs

MDA NOTICE: Unapproved Installation of Riser Valves in Anhydrous Nurse Tanks

The Minnesota Department of Agriculture (MDA) recently issued an anhydrous ammonia (NH₃) E-Blast, to alert nurse tank owners and operators of recent communications issued by two manufacturers of riser valves. Both manufacturers, Continental NH₃ Products, Inc. and Squibb Taylor Inc./Parker Hannifin Corp., have issued communications that the installation of their riser valves in nurse tanks is not an approved use. Please read the attached communications from both manufacturers for more details.

This has been an issue that the MDA has been communicating during the NH₃ compliance workshops for the last two/three years. Please contact the manufacturers for more details concerning this issue.

To view the corresponding documents, please visit the Safety & Health section of our website (www.mgfa.org) under the Resources tab.

FSMA PCQI Training to be Held in Brainerd on July 24-26

The Minnesota Department of Agriculture and Food Safety & Defense Task Force are sponsoring a Food Safety Preventive Controls Alliance (FSPCA) Preventive Controls Qualified Individual (PCQI) Training on July 24-26, 2018 in Brainerd. This course will be led by instructors trained by the FSPCA, who have been taught how to present the FDA-recognized standardized curriculum. Space is limited to 45 seats and will be filled on a first come-first serve basis. **They will be initially accepting only one registration per facility**, with additional registrations being placed on a waiting list. They will fill class vacancies and cancellations from this waitlist on a first requested basis.

For additional information regarding registration, contact Natasha Hedin at 612-247-5888 or natasha.hedin@state.mn.us.

For additional information regarding course content, contact Doug Lueders at 651-248-4450 or doug.lueders@state.mn.us.

INTL FCStone Offering Grain Merchandising Risk Academy

INTL FCStone Financial Inc., FCM Division, is hosting a three-day introductory “pure education” program for those new to the grain merchandising role. The Grain Merchandising Risk Academy will provide an introduction to the world of risk management and help attendees build a solid merchandising foundation.

Global grain markets are increasingly volatile and complex, which can lead to growing challenges for grain and feed merchandisers and originators. For those of you new to this role, either recent graduates or those transitioning into a merchandising role, it can be confusing without a proper introduction to the world of price risk management. To help you establish a solid merchandising foundation, INTL FCStone has developed a three-day pure education program. The Grain Merchandising Risk Academy will cover the Cash, Futures, Options and OTC markets to improve your command of key industry concepts, from a theoretical and practical perspective.

Covered Topics:

- Importance of Price Risk Management to your firm and your customers
- Working knowledge of Basis, Spreads & Margin
- Originating Cash Market Contracts
- Enhanced Grain Origination Techniques
- Futures, Options, Cash & OTC Markets
- Record Keeping

In addition to the pure and interactive education format, your experience will be enhanced via significant networking opportunities.

Who Should Attend?

Anyone who recently entered the grain merchandising field, those who have recently transitioned to a merchandising role, or back office and senior management who need a better understanding of their elevator's risk management practices. Additionally, any senior level university students who plan to enter the grain and feed industry will benefit from this program.

They are offering a special \$100 discount off the registration fee to MGFA members. The **Member's \$100 Off Discount Code is: G&F**. To learn more, visit www.intlfcstone.com/events. Here is the link to the registration site:
http://intlfcstone.cvent.com/d/rgq7sx?RefID=association&utm_source=EmailedLinks&utm_medium=email&utm_campaign=GrainMerchRiskAcadChicago

About the Host:

INTL FCStone Financial Inc.'s FCM Division, which is a member of the MGFA, provides full-service, 24-hour futures and options brokerage, advisory, clearing and execution services on all major commodity exchanges worldwide. They add value for clients across a variety of financial markets by helping them to systematically identify and quantify exposures to commodity price risks

ACE Institute "Fostering Co-op Innovation" Scheduled for Minneapolis in July

The Association of Cooperative Educators (ACE) invites cooperatives to participate in the 2018 Annual Institute, "Fostering Co-op Innovation," in Minneapolis. The Annual Institute is dedicated solely to the promotion of cooperative education and to the training of all cooperators (educators, leaders, developers, learners, etc.). It is a unique learning opportunity for cooperators from all cooperative sectors. As a prestigious cooperative education event, the annual ACE Institute is a real summer school of cooperation. Visit www.ace.coop to learn more about the ACE Institute.

Canadian Pacific Plans to Invest More Than Half-Billion Dollars in Nearly 6,000 New High-Capacity Grain Hopper Cars

...and expects to place more than 500 in service (in Canada) before the end of 2018, increasing capacity of its unit grain trains – Still uncertainty about how this rolling stock infrastructure investment in Canada will impact the U.S. CP fleet?

National Steel Car, Hamilton, Ont., has received CP's initial order for 1,000 units. Over the next four years, CP plans to order approximately 5,900 hopper cars, completely replacing all its older, low-capacity hoppers, including all Government of Canada cars. The investment is made possible by changes to the Maximum Revenue Entitlement formula through the Canadian government's passage of the Transportation Modernization Act, C-49, which provided CP "the certainty needed to place the order," the railroad said. "CP will be the first Class I railway to receive hoppers as a result of the Act's changes."

The new car design is shorter (56 feet vs. 59 feet, about 5%) and lighter, but with 15% greater cubic volume and 10% greater load weight (102 tonnes vs. 93 tonnes), than the cars being retired from CP's fleet. These cars, of 5,431-cubic-foot capacity, feature a three-pocket design that can be loaded and unloaded more efficiently than the old four-pocket government cars. Shorter frames enable more cars in a train of the same length. The cars "will feature newly manufactured components that are more reliable, significantly reducing maintenance-related delays," CP said. The order comes as CP is working toward an 8,500-foot-long, power-on consist model for its unit grain trains. Under this model, CP's unit grain trains will increase from the current 112-car maximum to 118 within the current 7,000-foot length, "creating efficiency and capacity within the grain handling system." This will add approximately 16% more capacity per train.

CP said it will eventually be able to fit 147 of the new cars within an 8,500-foot train design, a 44% increase in size. "This translates into more opportunity for the movement of grain in the future, supporting the anticipated continued growth in crop production across the prairies," CP said. "The future of grain at CP is one of increasing efficiency that will benefit grain shippers, farmers, port terminals and CP's network."

"For more than 100 years, grain has been embedded in CP's DNA," said CP President and CEO Keith Creel. "We know farmers depend on us to transport their product efficiently, safely and reliably to market. It's the largest sector of CP's business by revenue, and we're committed to continuous improvement for the benefit of our customers and the North American economy. These new railcars will revitalize our fleet and help cement our status as an industry leader in grain transportation for decades to come." "CP continues to add employees and locomotives to meet the needs of our customers across North America," Creel noted. "More than 700 new employees are now in various stages of training system-wide, and 100 locomotives will join the fleet before summer's end. These include remanufactured high-horsepower General Electric locomotives. CP continues to deliver for the Canadian agricultural industry, with total volume of the 2017-18 crop year delivered through early June at nearly 22 million metric tonnes, or 1% ahead of the prior year's pace. I applaud Parliament for its passage of the Transportation Modernization Act, which supports this supply-chain innovation. It's a bill notable not only for this grain enhancement, but for enabling the use of data from locomotive voice and video recording equipment as a proactive measure to improve railway safety. This act is truly a step forward for efficiency and safety in Canada's rail sector."

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