



## DECLARATION OF COOPERATION

### **Animal By-Products**

June 13, 2007

#### **Purpose**

The Oregon Solutions Animal By-Products project is exploring economically viable, environmentally benign and socially acceptable options for processing the organic residues of slaughtering offal, other meat-based residues, and on-farm animal mortalities into marketable products. The project pursues options that capture by-product value through energy production and nutrient recycling in addition to traditional products of rendering.

#### **Background**

Oregon produces an estimated 790 tons per week of animal by-products from slaughtering, processing, meat cutting and on-farm animal mortalities. This material must be processed into useful and marketable products or safely disposed of to prevent nuisances and public health hazards. Most Oregon meat processors and producers have traditionally relied on the services of rendering firms.

Renderers heat-treat dead animals and similar material to kill pathogens, and sell the resulting by-products for use in animal feed-stuffs and more than 3,000 other products in the chemical, metallurgy, rubber and electrochemical industries. Much of it is used in the manufacture of soap and personal care products. Newer uses of these materials, such as biofuels, are developing rapidly. However, the discovery of *bovine spongiform encephalopathy* (BSE) has increased concerns about transmitting disease to ruminant animals and humans via processed animal by-products. BSE related precautions and increasing foreign competition have both reduced the prices of meat processing by-products and bone meal, historically produced by rendering, and made these prices highly volatile. Renderers are experiencing declining revenues as operating costs increase.

During the summer and fall of 2006, Oregon's two rendering companies discontinued operations. The closure of these facilities left the state's slaughtering industry, livestock community and grocery stores with fewer options for dealing with their by-products. There are no in-state rendering options. The processed meat purveyors, cattlemen, dairymen, and horse owners previously served by these companies must now pay

significantly more to have their processing waste and animal mortalities picked up or hauled to renderers in California and Washington. This added expense is increasing operating costs and reducing profitability for these members of the livestock production, processing and marketing system.

As a stop-gap solution, some Oregon landfills are accepting, and adapting to handle, animal carcasses. While helpful in the immediate short-term, this approach allows a valuable resource to be wasted. In addition, there is concern about warm weather operation and potential impact on leachate in the long term. Some producers may be burying animal mortalities onsite. Composting of animal carcasses is a proven technology that can be used on farms and ranches and at other locations. While there are no restrictions on the use of the resulting compost material, concerns about its use on crops that may be eaten by humans or animals is limiting the adoption of this option.

Recognizing the scope of the problem and the potential for public/private sector cooperation to encourage and support solutions, Governor Kulongoski designated the Oregon Solutions Animal By-Products project in December 2006. State Representative Deborah Boone and Dr. James Males, Head of the Oregon State University Department of Animal Sciences were appointed as co-conveners of the project.

The mission of Oregon Solutions is to develop sustainable solutions to community based problems or opportunities that support economic, environmental, and community objectives simultaneously through partnerships between government, business, and non-profit organizations. The Governor assures participation of his staff and appropriate state agencies with other partners through the designation of an Oregon Solutions project. The Oregon Solutions Team is charged to make efficient use of available resources, overcome potential impediments early on, raise awareness of the project on a statewide level and bring effective partners to the table. The Team commits resources and time to an integrated action plan focused on a successful, sustainable project outcome.

### **Project Description**

The Oregon Solutions team is commissioning a technology assessment and market study to assess the resource, review the current market, and identify possible technical solutions. Oregon Department of Agriculture (“ODA”) will manage the study. Upon completion of this study the Team will explore alternatives for developing financial pro forma, appropriate business models, and addressing siting, permitting, and other regulatory considerations. The study is the Team’s first step in encouraging and supporting private sector investment in long-term solutions.

The study’s assessment and analysis will focus on animal by-products (offal, trimmings, and mortalities) and not consider other flows of organic materials. The team requires a rapid turn-around for the study and wants all alternatives for dealing with and utilizing the resource to be considered.

ODA has managed the RFP for the study, has led the selection process and will manage the consultant contract. Energy Trust of Oregon, Inc. (“Energy Trust”) is providing partial funding for the study with the provisions that, among other things, electrical generation is among the options studied, that its funding is matched, and that a satisfactory funding agreement is negotiated between ODA and Energy Trust.

### **Cooperative Activities**

To achieve the purpose of the project, we the undersigned cooperating parties agree to:

- Contribute our expertise to the management and follow-up of the study.
- Share the results of the study with all appropriate parties.
- Use the results of the study to explore alternatives for developing financial pro forma, creating appropriate business models, and addressing siting, permitting, and other regulatory considerations.
- Provide and seek additional funding as required for the continuing work of the project team.
- Make all necessary in-kind contributions in pursuing the purposes of the Animal By-Products project.

The following associations, businesses, agencies, and individuals have contributed to the Oregon Solutions Animal By-products project by:

- providing funds to support this Oregon Solutions project process,
- pledged funds for the Technology Assessment and Market Analysis study, and/or
- dedicating in-kind staff time to the project.

Oregon Beef Council  
Oregon Cattlemen’s Association  
Oregon Dairy Farmers Association  
Oregon Farm Bureau  
NW Meat Processors Association  
Tillamook Creamery  
Baker Commodities  
Darling International  
Organix, Inc.  
NW Natural Gas  
Western Meat Processors, Inc.  
Oregon Association of Water Utilities  
Oregon Department of Agriculture  
Oregon Department of Environmental Quality  
Oregon Economic and Community Dev. Dept  
Oregon Department of Forestry  
Oregon State University  
USDA Rural Development

Energy Trust of Oregon  
Representative Deborah Boone  
Senator Doug Whitsett  
B&B Meats  
Carlton Farms  
Oregon Fryer Commission  
Lebanon Auction Yard  
Oakland Lockers  
Reed Anderson Ranch  
Sam Rudnick Ranch  
Three Mile Canyon Farms  
Tom Green Feedlot  
Walt’s Meats  
Woodburn Livestock Exchange

Contributions and pledges to date total over \$62,000.

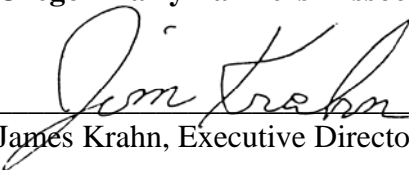
**Oregon Solutions Animal By-product Team Members**

Representative Deborah Boone	Co-Convener
James Males	Co-Convener, Oregon State University
Terry Cowart	Oregon Beef Council
James Krahn	Oregon Dairy Farmers' Association
Kay Teisl	Oregon Cattlemen's Association
Katie Fast	Oregon Farm Bureau
Dennis Hays	Northwest Meat Processors Association
Coy Cowart	Oregon Livestock Market Association
Shawn Reiersgaard	Tillamook County Creamery Association
Adam Serchuk	Energy Trust of Oregon
Russ Davis	Organix, Inc.
Phil Anderson	Darling International, Inc.
Dick Hinthorne	Baker Commodities, Inc.
Win Peterson	Western Meat Processors, Inc.
Jerry Gardner	Oregon Department of Agriculture
Lissa Druback	Oregon Department of Environmental Quality
Brad Knotts	Oregon Department of Forestry
Tom Fox	Oregon Economic and Community Dev. Dept.
Brain Otten	USDA Rural Development, Oregon State Office
Bethany Wright	Oregon Association of Water Utilities
Peter Bloome	Project Manager
Mikell O'Mealy	Oregon Solutions

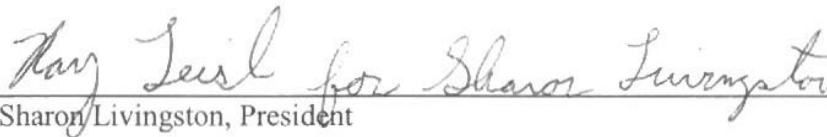
**Oregon Beef Council**

  
Terry Cowart, Vice-Chairman

**Oregon Dairy Farmers' Association**

  
James Krahn, Executive Director

**Oregon Cattlemen's Association**

  
Sharon Livingston, President

**Oregon Fryer Commission**

  
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Julie Schiele, Administrator

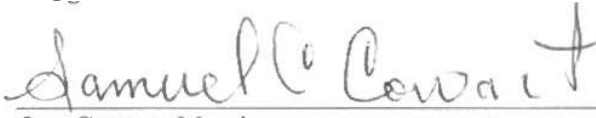
**Oregon Farm Bureau**

  
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Katie Fast, Associate Director of Government Affairs


**Northwest Meat Processors Association**

  
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Dennis Hays, Executive Director

**Oregon Livestock Market Association**

  
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Coy Cowart, Member

**Tillamook County Creamery Association**

  
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Shawn Reiersgaard, Director of Environmental and Political Affairs

**Energy Trust of Oregon**

  
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Margie Harris, Executive Director

**Organix, Inc.**



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Russell Davis, President

**Darling International, Inc.**



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Phil Anderson, General Manager

**Baker Commodities, Inc.**



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Dick Hinthorne, General Manager

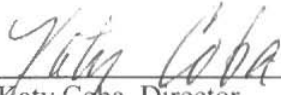
**Western Meat Processors, Inc.**



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Win Peterson, Board Member

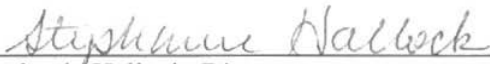
**Oregon Department of Agriculture**



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Katy Coba, Director

**Oregon Department of Environmental Quality**



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Stephanie Hallock, Director

**Oregon Economic and Community Development Department**



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Bob Repine, Director

**Oregon State University**



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James Males, Head, Department of Animal Sciences