

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (Department)

**FEED INSPECTION ADVISORY BOARD (FIAB)
STANISLAUS COUNTY FARM BUREAU**

**AUGUST 29, 2023
9:00 AM – 12:00 PM**

MINUTES

BOARD MEMBERS

Alejandro Hernandez
Jeremy Banducci
Marit Arana, Chair
Michael Koewler
Paul Parreira, Vice Chair

ABSENT

Dan Rice
Dr. Michael DeGroot
Shay Rambur

CDFA STAFF

Amadou Ba
Elizabeth Moseby
Jenna Leal
KC Gutenberger
Maria Tenorio Alfred
Mike Davidson
Rachelle Kennedy
Theodore Bert
Valerie White

INTERESTED PARTIES

Chris Zanobini
Gigi Berthier
Hernán Rodriguez
Jed Asmus
Katie Swanson
Tad Bell

INTRODUCTIONS AND ANNOUNCEMENTS

Dr. Marit Arana, Chair, called the meeting to order at 9:02 a.m. Chair Arana informed the interested parties that per the Bagley-Keene Open Meeting Act, they are not required to sign in or identify themselves. Self-introductions were made. Paul Parreira arrived at 9:07 a.m. and a quorum was established.

APPROVE APRIL 12, 2023 MEETING MINUTES

MOTION: Jeremy Banducci moved to approve the April 12, 2023 minutes as presented; Alejandro Hernandez seconded. The motion passed unanimously by all members present with a vote of 5 - 0.

DEPARTMENT / DIVISION / BRANCH UPDATES

Dr. Amadou Ba provided the board with an overview of current activities in the Inspection Services Division and the Department.

The Department had protected programs in this budget cycle, which will be receiving General Fund dollars. Healthy Soils will be receiving \$50 million; Flood and Drought Relief will receive \$5 million; Organic Transition will receive \$5 million; Farm to Community Food hubs will receive \$15 million, Healthy Refrigeration grants will receive \$10 million, Urban Agriculture will receive \$6 million, and beginning farmer and farm workers will receive \$5 million. There is also \$25 million budgeted to address enteric methane issues.

The Tau fruit fly infestation traced to Asia has been detected in the Los Angeles/Southern California area. This is the first time the Tau fruit fly was found in the western hemisphere. Quarantine was established for 79 square miles. Surveys are activated and the Department is highly engaged in addressing the eradication. The Department's Citrus Program is working to get this issue under control. The organic Sporidia pheromone spray has been authorized as an agent to be used in the infested areas.

Proposition 12 that was written to outlaw cages for farm animals was passed and industry concerns were addressed. There were virtual meetings held for this outreach that had approximately 4,500 attendees to date.

FREP collaborated with the University of California (UC) Agriculture and Natural Resources (ANR) to develop a scope of work for a high-level project to provide equipment for producers through a \$25 million grant proposal. The deadline to apply was August 15, 2023. Maria Tenorio Alfred assisted with the collaboration between the Department and UCANR; FREP is awaiting the final outcome of that proposal.

The Fertilizer Research and Education Program (FREP) will be co-hosting its annual workshop with Western Plant Health Association on November 8-9, 2023, in Modesto. The Branch will be holding an All Staff Meeting in Seaside on October 3-6, 2023, in Seaside.

Staff changes within the Branch include Param Singh, Special Investigator for the Fertilizing Materials Inspection Program (FMIP) retiring, and Zach Edmonds was hired to work in the field as an Environmental Scientist. Amanda Staudinger was hired as an Office Technician for branch support.

Jenna Leal, Program Manager for the Commercial Feed Regulatory Program (CFRP), spoke about the organization chart that was shared with the Board. Leal informed the Board that there is only one current vacancy, an Environmental Scientist position, that has been strategically left vacant due to budgetary concerns.

BOARD VACANCY APPLICANTS

There is one board vacancy due to Kate Horstmann's resignation. Two applications were received - Jed Asmus and Gigi Berthier. Information about qualifications and affiliations of the two applicants were presented. Discussion ensued regarding the two candidates.

MOTION: Michael Koewler moved to recommend Jed Asmus to Secretary Karen Ross to fill the vacant board member position. Jeremy Banducci seconded; the motion was approved unanimously by all members present with a vote of 5 – 0.

PROGRAM UPDATES

Leal presented the fund condition for the Feed, Safe Animal Feed Education Program (SAFE), Livestock Drugs and Antimicrobial Use and Stewardship (AUS) programs for the full fiscal year.

As of July 1, 2022, the Feed Program began the Fiscal Year (FY) with \$2,133,213. SAFE began the FY with \$615,336. The combined beginning balance for Feed and SAFE was \$2,748,549. Revenue was \$3,374,080; expenditures were \$2,312,934; and encumbrances were \$1,941,057. The adjusted ending combined balance as of June 30, 2023, was \$1,868,638.

The encumbrances include a border station contract for alerts on cottonseed entering California, UC Davis lab contracts, and research contracts for byproducts and the dairy cattle hemp feed trial.

Leal reviewed the feed tonnage breakdown by FY. The current negative figures in the tonnage tax breakdown were due to changes being made to the database. The firms who were diverting the first 1,000 tons were still being charged the full amount. The database update was completed; however, since it was not correct during the reporting, there were multiple refunds in March, which ultimately showed a negative tonnage reporting.

Tonnage tax revenue projections were discussed; revenue will continue to decrease if the current rate of \$.12 per ton is maintained. By FY 2025/26, of the reserve would be - \$796,949. By FY 2026/2027, the deficit would be \$2,350,160. These figures were compared to what projected revenue would look like if tonnage was \$0.15 per ton and \$0.18 per ton. The Board agreed that revenue will need to be continually monitored and an increase will be needed in the future to either the tonnage tax and/or the license fee.

The Laboratory Flexible Funding Model (LFFM) contract funding is finished and will not be reoffered to states by the US Food and Drug Administration (FDA). The Animal Feed Regulatory Program Standards (AFRPS) funds that was received by FDA over the past nine years, including the \$525,977 for this year is ending in 2025. CFRP is a much better and more robust regulatory program than it was nine years ago due to the standards implemented through receiving this funding. The Food Safety contract will continue to provide about \$140,000 per year in reimbursement funding. CFRP has applied for an Environmental Protection Agency (EPA) award of \$525,000, which if granted, would be distributed over the next three years.

Leal reiterated that CFRP continues to explore cost saving measures. Salaries and cost of living adjustments are included in the projections, along with the lab contract staying at just under \$1 million. The Dairy Cattle hemp feed research trial of \$150,000 was delayed due the requirement of a Food Use Authorization (FUA) from the FDA; therefore, the encumbrances were taken out of last year's budget and placed in the current FY budget.

Leal mentioned that the Board will need to determine whether there needs to be a significant cut in expenditures or raise the tonnage sufficiently to support the current program. Leal reminded the Board that it takes one quarter to implement changes to tonnage tax increases.

Discussion ensued regarding the CFRP projected revenue and potential fee increases and decreases in expenditures.

In 2022, the Governor's Budget allocated the Department \$10 million for livestock enteric reduction research projects. In 2023, another \$25 million was allocated to develop an incentive program for producers feeding products that reduce enteric emissions. Therefore, there is no current need to approve any more research projects for SAFE.

Leal mentioned that an American Feed Industry Association Model could be used to assess medicated feeds or more high-risk feeds at a higher tonnage rate than conventional feedstuffs. Although medicated feed samples have high costs to run, the highest costs are attributed to sacked horse feeds and having to run all analyses as "rush" to ensure the 14-day turnaround time established by the Board. Each sacked horse feed sample costs approximately \$1,600. When looking at ways to save money, CFRP has to look at what costs the most. In the future, the Board can determine if it is viable to change how many samples are run per year.

Paul Parreira noted it is also important to look at not putting a burden of rising costs on end users. Parreira inquired about the reserve requirement. It was confirmed that reserves were in place to have at least six months of available funds to unwind a program in the event it is dissolved. Dr. Ba said 25% in reserve is essential, but it is advised to have 50%. The money is to help staff be reassigned in the event of a program being disassembled.

Dr. Ba said it is important to remain transparent with the Board. Budget meetings direct the Program's next steps. Many programs do not see negative funding projections. Raising tonnage could be one piece to resolve this issue, but cutting back and being mindful of expenditures and encumbrances is also critical.

After the budget discussion, there was a presentation on the review process for pre-proposals in the \$10 million livestock enteric methane emission reduction research project work being done. Cathryn McCandless has been leading this effort in collaboration with Office of Environmental Farming and Innovation (OEFI). The language for the funding was specific with a focus on four impact areas. These areas included feed strategies, forage quality grazing, intense grazing, enteric additives. There must be a FUA in place or a plan to control end products to encourage large-scale commercial trials without putting a risk to the meat and milk supply. The 23 proposals that were received are posted on the OEFI webpage.

Two SAFE Technical Advisory Sub Committee (TASC) members have volunteered to be part of the review panel for the projects. The full proposals will be due late October 2023. Award letters will be sent out by mid-December 2023. The desired timeframe for projects to begin is in March 2024.

The \$25 million in the governor's budget for the Department is to build out an incentive program for livestock methane reduction. The Department and California Air Resources Board (CARB) are actively engaged, and plan on a dairy tour and a mill tour in October 2023. The goal is to get funds into the hands of producers who are using and manufacturing products. There is a plan to be up by next spring. There is \$2.8 million of this allocated for administrative costs. Some of that can be used to hire for a staff position that will assist in getting the incentive program operational.

CFRP has regulations out for public comment regarding administrative penalties and penalty language. Interested parties can go to the Office of Administrative Law (OAL) website or the Department's website to read the proposed text and submit comments to the Department.

KC Gutenberger has worked in-depth on Article 14 and modernizing commercial feed definitions. There is an attempt to have definitions align with Association of American Feed Control Officials (AAFCO) standards and merge them to simplify the standards in the California industry.

CFRP is consulting with the Department's Legal Office on the effects of the federally proposed "Zootechnical" definition adoption and whether or not changes to laws or regulations will be required.

CFRP also consulted with the Department's Legal Office regarding Assembly Bill (AB) 45, which allows for the California Department of Public Health (CDPH) to register hemp products intended to be fed to horses. The Department's livestock drug law is in direct conflict with AB 45 and the Department would like CDPH to draft regulations exempting horses from their registration program. The Department has quarantine authority over these products under the Food and Agricultural Code (FAC) Section 14233. The Department's Animal Health and Food Safety Services Division and the Inspection Services Division are collaborating to communicate the Departments concerns to CDPH.

Mike Davidson spoke about seeking clarity from the Department's Legal Office regarding out of country licensing. He gave an example of molasses being imported from out of the country that appears in California feed products and the out of country manufacturer is not licensed.

The FDA contract work outputs were reported, there have been 12 preventive control inspections and seven VFD and BSE inspections completed to date. A new contract begins late September 2023, which will result in about a \$140,000 reimbursement to CFRP. The Federal Emergency Response Network (FERN) sampling of distiller dried

grains, soy, poultry feed for game birds, and corn began in August 2023. The federal LFFM agreement pays for the program to take the samples. CFRP's California Animal Health and Food Safety (CAHFS) Lab System partners participate in this contract as well, so there is no cost for the CFRP to conduct this sampling.

CFRP has followed through on the Board's request to conduct licensing and tonnage reporting audits in the spring of 2023. During renewals, in July 2023, letters were sent to firms who had delinquent tonnage. Out of state firms were sent a hard copy letter and given ten-day final notices. Cleaning up the license list brought in \$39,000 for expired licenses and \$42,668.47 for delinquent tonnage reports to-date. Nonresponsive firms will receive a physical visit and will be issued a written ten-day warning. It was also confirmed that some of the firms have gone out of business.

Ted Bert presented information on sampling and inspections. Sampling and inspections resulted in 347, or 77.6%, as non-violative samples to date and 100, or 22.4%, as violative sample results to date. The percentage of samples and inspections were comprised of 62.8% for food safety and 37.2% for label compliance. Sampling types included routine, complaint, official, and investigative.

Gutenberger provided updates for the SAFE program. Many actions have been taken to improve the website and industry outreach. The goal is to have people sign up for the CFRP's Listserv so industry can receive up-to-date information. Gutenberger also discussed the how-to instructional video for the ExtraView database for tonnage reporting. There was also a full mycotoxin report published for the 2022/2023 crop year. Industry guides for tonnage and licensing as well as a new blog are also available on the website. A new feed and feed ingredient webpage is also being developed. It will include links for resources and other websites, such as AAFCO. The website also has new pages, including several guidance documents. There is also a self-assessment of whether a firm needs a license or needs to pay tonnage.

Rachelle Kennedy reported on recent activity with TASC. The TASC meeting was held on June 22, 2023. The main topic was Article 14 updates and adopting or modifying language found in AAFCO, Chapter 6. This includes removing some language and updating outdated definitions. Changes will also specify California requirements.

There will be four new sections that allow for general provisions, collective terms, whole grains and seeds, and processed whole grains and seeds. A new definition for low nutrition ingredients will be in place for labeling requirements.

There is a new definition for California specific animal waste products. Some of the language was taken from AAFCO and modified for California purposes. Moisture at more than 22% will not be allowed in these materials. They will have to be marketed as high moisture animal waste ingredients and will be subject to a "test and hold" procedure to make sure salmonella is not present. The moisture levels for processed animal waste products continue to be a topic of discussion.

Research updates included discussion of hemp as a ruminant feed based on the lactating goat trial and hemp as feed for lactating dairy cattle. There will be assessments by surveys sent to nutritionists/livestock farmers, food processors, feed mills/brokers, and crop farmers/growers.

The Livestock Drug Program, specifically Shelly King in Southern California, focused program efforts on online compliance of livestock drug and feed products, especially hemp products. Livestock Drugs retail sales compliance work is being conducted by Mike Gingles. Firms will be seeing Gingles out in the field as he helps with delinquent licensing and tonnage auditing checks.

In the Livestock Drugs Program, there have been 1,169 firms that have received outreach and complied with program requirements, 162 firms that still require product registration, 93 new commercial feed licenses have been registered, and 69 firms that have yet to receive feed licenses. Total product registration is at 2,311 to date.

UNIVERSITY OF CALIFORNIA DAVIS LABS UPDATE

Dr. Katie Swanson gave a presentation on the UC Davis laboratory hemp and byproducts studies and work. The study team had to develop their own techniques for testing hemp as this is a new line of research and analysis had not been attempted prior. The benefit of that is for the dairy cattle study, the instruments will not have to be recalibrated.

The goat feeding summary noted amounts of Cannabidiol (CBD), Tetrahydrocannabinol (THC), and hemp metabolites being found in milk and blood of the treatment goats. Hemp residue was more digestible for the goats than whole plant, bud, or flower. Adipose tissue samples were taken for testing for CBD. At first, there was some palatability issues with goats eating the hemp, so pellets were created with various amounts of hemp residue extracted with methanol to make it more palatable.

There were some hurdles with the UC Davis veterinarian last year for the Hemp and Dairy Cattle research. The initial application to begin the research was in January 2022, but the FUA was not submitted to FDA until June 2023. The FDA process had many required step which led to delays in the research study start date. Feed will be alfalfa blended with up to an 8% hemp product. The study protocol review results should be available within a few days from this meeting.

The last study is a list of types of feed being fed to animals. The results are based on surveys from nutritionists, distributors, brokers, and manufacturers in California. Per Dr. Swanson, there are a lot of different byproducts being fed in California. This study will assist in determining what types and amounts of feed which are being fed to livestock. Animals include dairy and beef cattle, horses, goats, sheep, pigs, and poultry.

Leal reported that UC Davis Lab turnaround times are efficient and within contract requirements of a 14-day turnaround time.

CALIFORNIA GRAIN AND FEED ASSOCIATION UPDATES

Chris Zanobini discussed Senate Bill 780. Their recommendations made in collaboration with CARB, has been going through Legislature. It is now with the Governor and if it is not signed by October 14, 2023, it will not become a law.

After the updates, Board members discussed weather issues and tropical storms effects on crops. Parreira said the big concern is moldy almond hulls. If losses occur, growers are being encouraged to open a claim with their crop insurance coverage.

Other discussions centered around electric vehicle (EV) regulations. Many EV regulations are not feasible at this time because the infrastructure for charging stations is not in place for heavy duty vehicles included Drayage vehicles. The expense of these regulations will be very costly to the industry.

Leal said the Department and CGFA will continue to make sure industry concerns are represented at CARB committee meetings.

PUBLIC COMMENTS

There were no public comments.

AGENDA ITEMS FOR FUTURE MEETINGS

- Almond Alliance update on crop issues
- Budget
- Lab Updates

NEXT MEETING

The next FIAB meeting will be held November 1, 2023 at the California Farm Bureau located at 2600 River Plaza Drive 95833.

MOTION: Michael Koewler moved to adjourn the meeting; Jeremy Banducci seconded. The motion was approved unanimously by all members present with a vote of 5 - 0.

ADJOURNMENT

The meeting was adjourned at 11:34 a.m.

ORIGINAL SIGNED BY JENNA LEAL

Jenna Leal, Feed Program Manager
Feed, Fertilizer, and Livestock Drugs Regulatory Services

08/29/2023

Date