

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
FERTILIZER INSPECTION ADVISORY BOARD (FIAB)**

**Residence Inn
5322 N. Diana Avenue
Fresno, CA 93710
(559) 222-8900**

**February 20, 2014
MINUTES**

MEMBERS

Andrew Godfrey
Brad Baltzer
David McEuen
Doug Graham
Jay Yost
John Salmonson
Rachel Oster
Steve Spangler

CDFA

Amadou Ba
Dale Woods
Doug West
Greg Mukai
Justin Petty
Luz Roa
Maria Tenorio
Mike Gingles
Nick Young
Nirmal Saini
Rick Jensen

INTERESTED PARTIES

Deborah Stemwedel
John Peterson
Mark Brady
Pedro Topete
Rebekah Menezes
Renee Pinel
Sandy Simon
Steve Beckley
Thomas Quick
Tim Stemwedel

INTRODUCTIONS & ANNOUNCEMENTS

The meeting was called to order by Chairperson Jay Yost at 9:00 a.m. Self-introductions were made and a quorum was established. Mr. Yost welcomed back Mr. Steve Spangler, Mr. David McEuen, and Mr. Brad Baltzer, who were appointed to serve another three-year term on the board. Mr. Jake Evans was unable to attend the meeting.

APPROVE OCTOBER 11, 2013 MEETING MINUTES

Chairperson Yost requested the board review the meeting minutes from the previous board meeting.

MOTION: Mr. John Salmonson moved to approve the meeting minutes as submitted; Mr. Doug Graham seconded. The motion passed unanimously.

DEPARTMENT/DIVISION/BRANCH UPDATES

Mr. Rick Jensen provided the board with a Department update stating currently, a major focus of the Department were the impacts of the drought on dairies, industry, and people that may have been displaced. Mr. Jensen reported, from a Division standpoint, interviews would be held next week to fill the Environmental Program Manager II position; he thanked Dr. Amadou Ba for acting in the interim.

Dr. Ba stated for the Branch, Ms. Lisa Gonzales, who had been the administrative staff supervisor, retired in December 2013. Ms. Maria Tenorio was completing a training and development assignment to fill that position; interviews to fill her previous analyst position would be held that Friday. Ms. Jenna Areias had been acting as Program Supervisor of the Feed Program and her appoint to the position was now official.

Dr. Ba stated the Fertilizer Research and Education Program (FREP) might receive \$5,000,000 for cap and trade projects to provide funding for nitrogen research and management programs, research and technical assistance on reducing nitrous oxide emissions, nitrification inhibitors, water and nitrogen movement in the environment, and evaluation of water and nitrogen management projects. Mr. Jensen stated the funds must be awarded within one year. The projects would be large scale, and the funds would be expended over a maximum of three years.

OIM INSPECTION WORKING GROUP UPDATES

Dr. Ba stated the Organic Input Material (OIM) working group had met to address out-of-state inspections. The working group proposed that during registration renewal, all OIM manufacturers be required to submit copies of past inspections conducted by third-party material review organizations, recognized by the United States Department of Agriculture's (USDA) National Organic Program (NOP). The Department's Legal Office reviewed their proposal and determined it was not feasible because registration and inspections were separate mandates.

Dr. Ba further stated the working group met again to discuss the Department's Legal Office's determination that mill assessment funds can be used for out-of-state inspections; the law does not distinguish between conventional or organic fertilizers.

Mr. John Salmonson commented the law does not mandate the OIM program be self-sufficient; although that was the goal, it was not mandatory. He reported that this year CDFA staff would begin conducting out-of-state inspections for states that border California. CDFA would be contracting with NOP-accredited service providers to conduct the additional out-of-state inspections. The working group would continue to meet as needed to work on a law change and emerging issues related to OIM. The working group discussed having mandatory OIM inspections every two years, instead of every year, and possibly charging an inspection fee based on the size of the operation. The current plan was to rely on the Department's broad inspection authority to inspect facilities based on adulteration risks.

Dr. Ba stated it would cost approximately \$2,300 per inspection for out-of-state facilities. There were currently 172 out-of-state facilities; total yearly cost would be approximately \$395,000. Out-of country inspections for Mexico alone would cost approximately \$25,000 yearly. The program plans to obtain contracts with third party organizations recognized by the USDA NOP for the out-of-state and out-of-country inspections. The program would assist those organizations by providing their inspectors with training, and technical and resource support; and would also audit their work.

Mr. Yost encouraged the program to separate OIM and conventional firms on the Extraview database for tracking purposes. Dr. Ba encouraged industry to attend the OIM workshops to become familiar with the database.

Mr. Yost stated a law change would eventually be needed to revise the mandatory yearly inspections for OIM manufacturers, but should not be rushed because the board should know exactly what change was needed first.

Mr. Sandy Simon stated out-of-state tonnage audits worked well for Texas. Dr. Ba stated the Department's Egg Quality Control program was also allowed to do out-of-state inspections.

Ms. Rachel Oster asked if the program had observed a decrease in listings in other Material Review Organizations (MRO) since industry was now required to register their OIM products with CDFA. Dr. Dale Woods stated the program does not track that information.

PROGRAM UPDATES/FUND CONDITIONS

Dr. Ba stated at the previous board meeting, the board moved to raise the mill assessment rate to \$0.0015. At the Department level, it was decided to raise the mill rate to \$0.002 to fund seven positions and the new initiatives. Dr. Ba further stated the proposed regulation would be published by the Office of Administrative Law on February 21, 2014. The 45-day public comment period would end at 5:00 p.m. on April 7, 2014. The regulations were expected to be effective October 2014; the revenue would be reported January 2015.

Discussion ensued on the Department's proposed increase of the mill fee to \$0.002; the board had no objections because the rate could later be reduced if the funds were not needed.

Mr. Jensen asked Dr. Ba to elaborate on how the 2,500 licensees would know there was a proposed regulation. Dr. Ba stated industry would be notified via the database, and would have the option to make written public comments or request a formal hearing to make public comments; the program would respond to all comments received. If changes were needed, there would be a 15-day comment period for the changes.

Ms. Deborah Stemwedel commented 2326.1(b) of the California Code of Regulations that would set the FREP mill assessment rate was unclear; it reads that all sales of fertilizing materials must pay the \$0.001 mill assessment, not the last licensee. Dr. Ba clarified the code further stated it was in addition to the assessment provided in subdivision (a).

Dr. Ba stated a Nitrogen Tracking and Reporting System Task Force had been formed due to the State Water Resources and Control Board's report entitled, "*Recommendations Addressing Nitrate in Groundwater*" to the legislature. The task force's final report was released in December 2013 and three community forums were held in January 2014. Additionally, a supplemental document was created in February 2014 to aid the State Water Board Expert Panel efforts. The final report recommended data tracked by growers (event basis at field scale), data reported by growers to third party aggregators (annual basis at farm scale), and data represented in status and trends reports (annually to the State Water Board).

Mr. Spangler asked which growers would be required to report this data, and if it was only for high nitrate areas. Mr. Jensen stated the Department does not know what data would be collected; the charge of the Department and the working group was to develop a tracking and reporting system that would be practical and provide meaningful data. The State Water Board would be working on other pieces of information, which would include defining high risk nitrate areas.

Ms. Oster asked when mitigation would be discussed. Dr. Ba stated the Water Board would be moving forward with the process by appointing an Expert Panel; CDFA had met their portion of the mandate.

Ms. Renee Pinel stated the Water Board already had mapping that would identify nitrate high-risk areas; the idea was agriculture would be able to demonstrate if the applications were flat or going down over a period of time if tracking was done. This would tie in with the regulations the Water Board would be implementing.

Dr. Ba stated key themes include to be open to approaches other than one based on the concept of a nitrogen mass balance; to address the impact of nitrogen on groundwater should be an iterative and collaborative process; and to coordinate with all agencies/groups working on nitrogen/nitrate issues was critical. He emphasized growers would be essential to any nitrogen/nitrate reporting program and critical to successfully addressing groundwater quality.

Discussion ensued regarding the Nitrogen Tracking and Reporting System task force.

Dr. Ba stated for the Fertilizer program, as of July 1, 2013, the total combined balance, including the Certificate of Deposit (CD), was \$4,555,355. Revenue was \$2,283,790; expenditures were \$1,999,460. The total ending account balance, as of December 31, 2013, was \$4,895,221; this includes \$55,536 of interest accrued on the CD.

Dr. Ba stated for the FREP the beginning combined balance, on July 1, 2013, was \$2,981,555. There was \$566,337 in revenue, and \$1,193,402 in expenditures. The total ending adjusted balance, as of December 31, 2013, was \$495,072, including \$1,769,418 in encumbrances for research projects through fiscal year 2013/14.

Dr. Ba stated for the OIM program the beginning balance, on July 1, 2013, was \$13,006. Revenue was \$119,450; expenditures were \$317,724. The ending balance, as of December 31, 2013, was \$185,268. The yearly transfer in the amount of \$200,000 had not yet been made for the fiscal year.

Mr. Tim Stemwedel commented the OIM fund condition made the OIM program appear as though it was not self-sufficient. Dr. Woods stated the program receives their information from the Extraview database and in order for the program to be able to accurately track revenue, it was important for industry to ensure all dollar amounts were input into the correct section on the database.

INSPECTION AND COMPLIANCE UPDATES

Mr. Nick Young stated there were 151 in-state OIM locations in 2013, which was an increase of 14 firms since 2012. In 2014, CDFA would be conducting out-of-state inspections in bordering states (Arizona, Nevada, and Oregon); he noted inspections were already scheduled for Arizona and Oregon. In 2013, 1,034 samples were obtained; this was an increase of 309 samples from 2012. He reported the violation rates and more specific data would be available at the next meeting.

Mr. Yost asked Mr. Steve Beckley to provide an update on changes with the number of Certified Crop Advisor's (CCA) within the past few years. Mr. Steve Beckley stated a lot of CCA's have completed the Certified Crop Advisor Training program and have registered. There were currently about 865 CCAs; by the end of the year they anticipated about 1,000.

- A break was taken from 10:15 a.m. to 10:30 a.m.

LABEL REGISTRATION UPDATES

Dr. Woods stated as of December 31, 2013, there were 7,022 approved conventional labels, and 1,187 approved OIM labels. Fertilizer registration renewal was January 1, 2014, and several emails were sent to industry informing them of the renewal cycle. Entities that have OIM registered products were sent additional information. The program was excited to report there were no major issues with the database during this renewal cycle. There were a few glitches of registrants who were not initially able to renew, but that problem was fixed.

Dr. Woods informed the board that firms were being notified of the Department's proposed regulations regarding the organic disclosure language and inaccurate terms, including: "composted forest products", "safe designation", and "kelp-avoid marketing as a stimulant". Additionally, the program was asking registrants to provide clarification for terms such as "safe for pets" and "environmentally safe".

Mr. John Peterson asked since commercial fertilizers and bulk agricultural minerals don't always have labels, how the program plans to address the use of inaccurate terms. Dr. Woods responded the inspection staff continuously looks for non-compliant labels. More labels were being submitted, and measurement standards concerns have arisen. Counties had issued measurement standards violations, including incorrect font size. Dr. Woods informed the board the next AAPFCO meeting would be in Sacramento in July 2014.

Dr. Woods updated the board on label registration stating as of February 1, 2014, for conventional label registration, there were 610 approved labels and 3,834 labels pending review; and for OIM, there were 141 approved labels and 608 pending review.

OIM ISO 17065 UPDATES

Ms. Luz Roa stated due to International Organization for Standards (ISO) 17065 guidelines, new forms were created and have been in use by OIM staff since January 2014. The consultant conducted a desk audit on January 13, 2014, and an internal audit would be conducted around March 2014. The USDA Agricultural Marketing Service (AMS) would perform its formal audit later this year. The required manuals and forms had been created, and the OIM program would now have its own web page.

Mr. Yost asked what would happen if accreditation was received. Dr. Ba stated that NOP had said once the Department obtains certification, USDA would recognize our material review program.

Mr. Jensen stated he and Mr. Miles McEvoy have a meeting scheduled for March 10, 2014 to discuss the OIM program's progress on ISO 17065 certification. Mr. Jensen further said the product users were responsible for ensuring the products they use were NOP compliant. The NOP issued a policy memorandum stating they recognized ISO certified MROs. To be recognized, certain criteria must be met. Regulations still require products to be compliant. Any entity can choose to use CDFA's listing right now - a certifier or a farmer. Once the program meets the NOP requirements, the need to have an additional MRO certification should be alleviated.

FREP UPDATES

Dr. Doug West informed the board of the Nitrogen Management Training program for CCA's; the trainings were conducted through a partnership with UC Agriculture and Natural Resources, CA CCAs, and the CA Association of Pest Control Advisors. A steering committee has met approximately five times to develop the curriculum for the CCA trainings. The trainings would be regional -- four in Central Valley, and one in the Salinas Valley. Training is two days; day one has general topics and day two discusses annual and permanent crops. The initial trainings have been held in Modesto, Woodland, Fresno, Salinas, and Tulare.

Dr. West stated concept proposals for FREP's Technical Advisory Subcommittee (TASC), were due January 15, 2014; 44 proposals had been received. The proposals would be evaluated at the TASC meeting scheduled for February 27, 2014.

Dr. West briefly discussed ongoing FREP research projects.

LABORATORY UPDATE

Dr. Nirml Saini stated 1,038 samples were received in 2013. Of the 1,038 samples received, 962 were routine, 27 were priority, 13 were partial rush, and 36 were rush samples. The average number of assays requested per sample was 5.2.

ADDITIONAL ITEMS/NEXT MEETING

Mr. Yost stated he and Mr. Salmonson would not be serving another term on the board when their terms expired on October 14, 2014.

The next two board meetings would be August 1, 2014 and November 20, 2014, in Sacramento.

MOTION: Mr. Salmonson moved to adjourn the meeting at 11:24 a.m.; Ms. Oster seconded. The motion passed unanimously.

Respectfully submitted by:



Amadou Ba, Ph.D.
Environmental Program Manager I
Fertilizing Materials Inspection Program

2/20/14
Date