

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
FERTILIZER INSPECTION ADVISORY BOARD MEETING (FIAB)
Monterey, California
May 14, 2009
MINUTES**

MEMBERS

Brad Baltzer
Tom Beardsley
Steve Beckley
David McCuen
Tim McGahey
John Peterson
John Salmonson
Sandy Simon
Steve Spangler

CDFA

Asif Maan
Nirmal Saini
Amadou Ba
Elaine Wong
Susan Shelton
Kent Kitade
Luz Roa
Nick Young
Pierre Labossiere
Mike Gingles
Avnee Jivabhai

INTERESTED PARTIES

Renee Pinel - WPHA
Jake Evans – True Organics
Erik Lauritzen – Monterey
County Ag Commission

John Maxon – True Organics

Paula Bodey – The Scotts
Company
Doug Graham – New Era Farm
Service
Steve Beckley, OFAC

CALL TO ORDER

Chairman Jay Yost was unable to attend the meeting. Hence, Mr. John Salmonson, past chairman of the board, called the meeting to order at 8:10 a.m. and a quorum was established.

INTRODUCTION AND ANNOUNCEMENTS

Mr. Salmonson welcomed everyone to the meeting. Self-introductions were made.

MINUTES OF THE LAST BOARD MEETING

Mr. Salmonson asked the Fertilizer Inspection Advisory Board members to review the minutes of the January 14, 2009 meeting.

MOTION: A motion was made by Mr. Thomas Beardsley to accept the minutes as presented. Mr. John Peterson seconded the motion. The motion passed unanimously.

ELECTION OF VICE CHAIRMAN

Mr. Salmonson noted that a vice chairman needs to be elected in the event that the chairman is unable to attend.

MOTION: A motion was made by Mr. Thomas Beardsley to nominate Mr. Brad Baltzer as vice chairman of the board, Mr. John Peterson seconded the motion. The motion passed unanimously.

DEPARTMENT DIVISION BRANCH UPDATE

Dr. Asif Maan provided department and division updates. At the department level, the Agricultural Environmental Stewardship functions and staff have been reassigned. The Office of Pesticide Consultation and Analysis has been moved to the Division of Inspection Services and they will be reporting to Mr. Nate Dechoretz. Staff Environmental Scientist Mr. Rolf Frankenbach, will join the Fertilizer Research and Education Program (FREP), and he will address environmental issues related to the use of fertilizing materials. Dr. Maan also reported that Ms. Rayne Pegg, Deputy Secretary of Legislation and Policy, is leaving CDFA to join USDA as the Administrator of Agricultural Marketing Services.

At the Branch level, the reorganization has been completed with separate feed and fertilizer programs with dedicated supervisory and inspection staff. Dr. Maan referenced the branch organizational chart and noted the new organizational structure of the branch. He also noted the branch is almost fully staffed with two vacancies in the feed and the fertilizer programs.

He reported, employees take two days unpaid leave (furlough) a month but the office remains open five days a week. Mr. Salmonson inquired if the impact of the furlough has been reflected in the budget. Dr. Maan noted that furloughs have affected the overall budget by 9.25%. Discussion ensued about the details of the potential layoffs and impacts on the program. Mr. Salmonson suggested the Board have a meeting in early July or June to discuss the impact of potential changes at the state level.

Dr. Maan reported, the database replacement project is well underway and the testing phase is expected to take place in September 2009. There will be training workshops in August 2009 for the industry. The database will be accessible to the industry online where they can view their accounts, complete forms, pay fees, and apply for label registration and licenses. Discussion ensued about the details of the training sessions.

FUND CONDITION

Dr. Maan informed the group that the fertilizing materials inspection program ended the last fiscal year with over 4 million dollars in the reserve. The ending balance as of March 30, 2009 is \$6,137,442 including the funds in the CD account. In the last meeting, the Board recommended putting an additional 3 million into a CD, this request has been processed.

FREP has an adjusted balance of \$2,100,759 as of March 30, 2009. Dr. Maan presented a chart depicting mill assessment revenue over the last 4 years. He noted

that July to September reporting is high because the majority of fertilizers are sold from April through June. There is a drop in the January through March revenue so the Program will continue to watch the trend and will report to the Board if any changes occur.

REGISTRATION UPDATES

Dr. Amadou Ba informed the Board that the Program is well staffed with highly trained registration and inspection groups. Two new field staff were added. Currently, there are 4 staff members reviewing labels, and they are fully trained.

Dr. Ba presented graphs depicting fertilizing materials label reviews from September 2008 to present and noted an overall backlog reduction of approximately 30% with a total of 872 labels remaining to be reviewed of which, 406 labels are over 90 days. He anticipates being up to date in the next few months. Mr. Sandy Simon inquired why only some labels are over the legal 90 days and not all if it is a first come first serve basis. Dr. Ba informed the group that simpler registrations that require less correspondence and review are being fast tracked. He then presented the group with a graph depicting the lab sample turnaround time and noted that about 60% of samples received are processed within three weeks. The group is nearing the halfway mark for the target total number of samples collected this year with about 520 samples collected.

Dr. Ba informed the group that goals for 2009 include eliminating the backlog, having a fully functional database, revising an inspection manual specific to fertilizer, conducting a fertilizer workshop in the Central Valley, recruiting at colleges for fertilizer inspectors for the Stockton area, and continued nitrous oxide studies.

PROGRAM UPDATE

Mr. Nick Young presented the 2008 sampling summary to the Board. He noted that in 2008 a total of 4,246 samples were taken compared to 1,191 in 2007. This increase is due to the increased number of inspectors and because pet food problems, which previously diverted inspectors, were not present in 2008. Three hundred and fifty seven tests were run for heavy metals with 8 violations from 3 firms. These violations were further investigated, remedied and are now closed.

Mr. Young discussed the increased violation rates for 2008. Mr. Young presented the breakdown for the percentage of violations attributed to hydroponic fertilizers, which resulted in the increased violations for 2008, only commercial fertilizers violations decreased by 2%, excluding agricultural minerals. Firms in violation are being given more attention to decrease these numbers. Hydroponics and humic acid violations were the main reason that overall violation rates were so high at approximately 44%. Other guaranteed analysis trends were steady compared to past years.

Mr. Young noted that goals for 2009 include collecting 1,200-1,300 samples to meet lab capacity, conducting two registrations and labeling workshops for conventional and hydroponic fertilizer, improving enforcement on hydroponics, and continuing quick responses for heavy metal and salmonella related violations.

FREP UPDATE

Dr. Ba reported that FREP staff attended the Plant and Soil conference in Fresno in February 2009 and are planning to attend the annual California Association of Pest Control Advisors Conference as an exhibitor in October in Nevada. FREP is currently in the process of meeting with Western Plant Health Association to determine the date and location of this year's conference. They are also in the process of updating the FREP website for an ongoing projects page.

Currently, there are 17 ongoing projects with a total of \$1,226,389 in encumbrances. Three new projects started on January 13, 2009. The request for proposals was released in January; these suggestions were due on March 2, 2009. The program received 29 suggestions, 10 of which were recommended by the Technical Advisory Sub-Committee (TASC) for development into a full proposal, which will be due June 1, 2009. Dr. Ba then summarized the ten selected project suggestions. He noted that the next TASC meeting would be on September 15, 2009 in San Diego during which they will select a maximum of 7 projects for funding this year amounting to \$364,000 of available funds. They will also recommend a candidate for the remaining vacancy on the TASC.

ORGANIC INPUT MATERIAL UPDATE

Dr. Maan reminded the group that about two years ago, organic manufacturers requested regulations over the organic industry. The Board created a subcommittee to develop recommendations which included; developing a new category in the law to regulate the use of organic inputs, requiring CDFA review of organic input fertilizer labels including bulk, providing funding to support the review and inspection process specific to organic fertilizers, having separate staff focused strictly on organic industry inspections and review and moving forward on civil-penalty language for violations. The Board accepted all recommendations and a bill was proposed to the Assembly.

Assembly Bill 856 defines the term "Organic Input Material" (OIM), requires review and registration of bulk or packaged OIM, provides authority to inspect production processes of OIM, allows for sampling, requires yearly inspection, sets caps for fees associated to registration and licensing, and will mandate that all fees and assessment will be set by the Secretary based on FIAB recommendations. The bill would also allow the secretary to levy civil penalties for each violation, would increase misdemeanor fees, movement of materials in violations, and other violation fines. The bill was introduced on February 26, 2009, was amended on April 15 and April 27, 2009, and passed the Assembly Committee at a hearing on April 29, 2009. The next step is to pass the bill through the

Assembly Committee on Appropriations. Discussion ensued about the bill and it was determined that the California Agricultural Commissioners and Sealers Association is in support of the bill.

AB 32 UPDATE

Ms. Luz Roa informed the group that the California Air Resources Board specified a measure about Nitrogen Release from Fertilizers and assumed that all Nitrogen used converts to N₂O. It was determined that research was required to determine the base N₂O levels. She called attention to Agenda Item 10, Attachment A that displays a full update on the nitrous oxide research. Mr. Salmonson questioned if retired acres are also being counted, Ms. Roa replied that these figures are from UC Davis Research but she will inquire about the accuracy of the data. Discussion ensued.

DISCLOSURE OF INGREDIENTS REGULATION UPDATE

Mr. Kent Kitade informed the Board that the Trade Secrets Regulations have been submitted and were returned because Section 2300.3 was not clear enough per the Office of Administrative Law (OAL) standards. It was determined that these regulations are not necessary because the Privacy Act already regulates this. Because of these changes, there will be another 15-day comment period. Once the comments are submitted, there should not be any difficulty. Mr. Salmonson inquired if this will be completed by the end of the year. Mr. Kitade noted that it has to be back to OAL by August and they may only have 30 days to review.

LABORATORY UPDATE

Ms. Elaine Wong informed the Board that there has been a little bit of a slow down in processing fertilizer samples because several rush samples were submitted for two projects relating to organic fertilizers. The lab is almost caught up and has an approximate 10-day turn around on most samples. Ms. Wong noted that if the rate of sampling continues at the current rate, the lab would be 30% over the capacity. Mr. Beckley noted that it would be beneficial to know the limitations of the lab and what possibilities are for testing organic materials. She noted that until the testing methods are more definitive, it is not feasible to provide any advice. Ms. Wong requested the board consider hiring another chemist or analyst if samples continue to increase in number.

UPCOMING BOARD VACANCY

Mr. Salmonson noted that Mr. John Peterson's term would expire soon. He has expressed interest in another term. Mr. Salmonson is concerned with 2011 because 6 board members terms will expire. Dr. Maan noted that term limits are 3 years; therefore some terms can be decreased to 2 years to stagger expirations. Mr. Salmonson requested that Dr. Maan present a method to smooth out the term expiration dates for

the next few years. The Board inquired if the number of members on the Board can increase by one, Dr. Maan replied that this would require a law change; he suggested that various industry members apply for the positions to include organic industry representation. Mr. Beckley expressed that he prefers to replace one current board member with an organic industry member once their term expires.

ADDITIONAL ITEMS / NEXT MEETING

The next Board meeting will be held on July 16, 2009 at 8:30 a.m. in Sacramento, California.

Mr. David McCuen asked if there is a need for the Organic Subcommittee to continue to exist. Mr. Salmonson suggested maintaining the committee to handle any issues that may arise in the future.

MOTION: A motion was made by Mr. Beardsley to adjourn the meeting. Mr. Peterson seconded the motion. The motion passed unanimously. The meeting was adjourned at 11:10 a.m.

Respectfully submitted by:



Asif A. Maan, Ph.D., Branch Chief
Feed, Fertilizer, Livestock Drugs and Egg Regulatory Services
Inspection Services

Date

AAM/AJ