



**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
SHIPPING POINT INSPECTION ADVISORY COMMITTEE (SPI)**

May 7, 2025 Meeting Minutes

Hyatt Regency Monterey Hotel

One Golf Course Road, Monterey, CA 93940

MEMBERS PRESENT

Louis Pandol – Chair
Patrick Smith
Christine Ivory
Trent Voss

INTERESTED PARTIES

James R. Leggett – United States
Department of Agriculture (USDA)
Alex Wladyszewski – USDA
Maria Martinez – Stewart & Jasper
Orchards

CDFA

Marcee Yount
Kristi Garcia
Julie Lee
Theresa Stewart
Mitch Randhawa
Kevin Batchelor
Laurel Rudolph
Roxann Bramlage

MEMBERS ABSENT

Raj Samran

ITEM 1: CALL TO ORDER

The meeting was called to order at 10:00 a.m. by Chair Louis Pandol.

ITEM 2: ROLL CALL/INTRODUCTIONS

Roll was called by Kristi Garcia, and a quorum was established.

ITEM 3: PUBLIC COMMENTS

There were no public comments.

ITEM 4: REVIEW OF NOVEMBER 27, 2024, MEETING MINUTES

Chair Pandol requested a motion to approve the November 27, 2024 Meeting Minutes as submitted.

MOTION: Christine Ivory moved to approve the November 27, 2024 Meeting Minutes as submitted. Trent Voss seconded the motion. The motion passed unanimously, with no abstentions.

ITEM 5: COMMITTEE VACANCY AND TERMS REPORT

Garcia provided the Vacancy and Terms Report. Current vacancies include: four members who are shippers of fruit and vegetables using the inspection certification services of CDFA; one public member; and nine alternate members. Garcia also provided the names of members who will be eligible for reappointment as of December 31, 2025.

ITEM 6: FUND CONDITION UPDATE

Marcee Yount presented the fund condition update. As of March 31, 2025, the SPI Program's beginning fund balance was \$27,965,166; total revenue was \$14,525,094;

available cash was \$42,490,260; total expenditures were \$17,949,422; cash adjustments were \$14,025,418; with an ending balance of \$23,505,420.

Yount noted that the total expenditures and ending balance amount differ from the amount shown on the fund condition presented to the committee, which were originally \$15,241,524 and \$26,223,319, respectively. This difference was due to an amendment in the program's contract with the Cooperative Agricultural Support Services Authority (CASS), which was increased by about \$2.7 million. CASS requested this amendment to cover unforeseen staffing issues. This increase required the program to request an increase in its spending authority, originally \$20,931,662, to an updated amount of \$21,931,662, and was approved by the CDFA Secretary, Karen Ross.

ITEM 7: FISCAL YEAR 2025/26 PROPOSED BUDGET

Kevin Batchelor presented the Proposed Fiscal Year (FY) 2025/26 Budget. Proposed expenditures include: \$2,616,860 for Personal Services; \$19,748,417 for Operating Expenses and Equipment; \$1,853,837 for Total Departmental Services; and an approximate \$275,000 Gas Tax credit, for a Total Proposed Program Budget of \$23,944,114.

Batchelor reiterated the amendment made to the FY 2024/25 contract with CASS due to cost-of-living adjustments and unforeseen operational costs. This amendment was considered, and the proposed estimate now projects total CASS contract spending at approximately \$17 million. Batchelor noted that this figure may change as negotiations with CASS are ongoing.

Yount went into further detail on the CASS contract and stated the contract had not been finalized yet. CASS collects eight percent of total personnel costs as an administrative fee. SPI accounts for over 85 percent of CASS' actual staffing expenditures, making it their largest client. Furthermore, CASS has requested an additional two percent increase in administrative costs, making it a total of ten percent, but did not specify what the increase would cover. The SPI program emphasized that they are working closely with CASS to avoid a repeat of the previous year's budget overrun, particularly by improving internal software systems to track overtime trends in real time. The committee briefly discussed the need for CASS to provide more information regarding their request for a two percent increase in administrative costs, and chose to approve the budget as presented, with the stipulation that CASS provide a financial statement with details outlining CASS' request for a two percent increase, before approving an amended budget.

MOTION: Trent Voss moved to approve the proposed budget as presented; and to request that Secretary Karen Ross request a financial statement from the Cooperative Agricultural Support Services Authority (CASS), with a detailed justification outlining the need for CASS' proposed two percent increase in administrative costs, before approving an amended budget. Patrick Smith seconded the motion. The motion passed unanimously, with no abstentions.

- i. Fee Schedule Revision

Batchelor discussed the Fee Schedule and stated that a fee adjustment was currently not recommended.

ITEM 8: PROGRAM UPDATES

Batchelor gave an update on the Tomato Suspension Agreement (TSA). Effective July 15, 2025, the TSA will discontinue, which will impact SPI revenue. TSA inspections at Otay Mesa generate \$2.5 million to \$3 million annually. With TSA's removal, 14 inspectors will likely be laid off, which amounts to about \$1 million in wages. Though some savings are expected from these layoffs, they do not outweigh revenue loss.

Program staff gave an update on specific commodity trends. Theresa Stewart stated that the cherry season was off to a slow start, with some sheds reporting they will not need to run a night shift. Mitch Randhawa reported that handlers expect to receive about 610 loads of table grapes from Chile and Peru; imports of avocados and kiwis have been steady, but onion imports have dropped compared to previous years; almonds are expected to remain steady compared to previous years. Laurel Rudolph stated there were 922 inspections on peaches and 210 on pears.

Batchelor discussed exploring new revenue streams, including potential auditing and inspection services in Indio and increasing USDA harmonized audits. The food safety auditing unit recently hired a senior environmental supervising scientist, expanding capacity for growth in this area. Outreach to the walnut industry is also being considered, to build new program opportunities.

ITEM 9: NEXT MEETING/AGENDA ITEMS

The next committee will be scheduled once there is more information on the CASS contract, and it will be held via Zoom. There will also be a meeting scheduled for November 18th, that will cover updates on FY2024/25 and will be held via Zoom.

ITEM 10: ADJOURNMENT

The meeting was adjourned at 11:40 a.m. by Chair Pandol.

Respectfully submitted by:

Kevin Batchelor, Program Supervisor
Inspection and Compliance Branch
Inspection Services