



**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
SHIPPING POINT INSPECTION ADVISORY COMMITTEE MEETING
Kern County Agricultural Commissioners Office
Meeting Minutes
May 12, 2009**

Members in Attendance

Louis Pandol, Chairman
Jim Jasper
Drew McDonald
Blaine Carian
Ryan Van Groningen
Maria Alvarado

Members Not Present

Monte Griffith
Mike Monta
Dennis Parnagian
Randy Parnagian

CDFA Representatives

Rick Jensen
Steve Thomas
Donna Weathers
Ed Brown
Ed Page

Interested Parties

Gary Van Sickle, CTFA
Greg McNair, USDA
Marcy Martin, CGTFL

ITEM 1: ROLL CALL

The meeting was called to order at 10:05 a.m. Roll was called and a quorum was established.

ITEM 2: INTRODUCTIONS

Committee introductions were made.

ITEM 3: NOMINATION/SELECTION OF NEW OFFICERS

MOTION: Mr. Blaine Carian moved to nominate Mr. Louis Pandol as committee chairman and Mr. Dennis Parnagian as vice-chairman. Mr. Jim Jasper seconded. The motion passed unanimously.

ITEM 4: APPROVAL OF MAY 19, 2008 MEETING MINUTES

MOTION: Mr. Carian moved to approve the May 19, 2008 meeting minutes as submitted. Mr. Jasper seconded. The motion passed unanimously.

ITEM 5: BRANCH/PROGRAM UPDATE

Mr. Ed Page reported that it is grape season in the Coachella Valley; onion production is light, and corn crops are starting. Mr. Page reported that there is a small amount of damage to grapes from the frost in the Edison area. Mr. Page reported that tree fruit appears to be in good condition; crop estimates are down to less than fifty million between the three commodities: peaches, plums, and nectarines. The California Agricultural Statistical Services almond crop estimate is one and a half billion pounds.

Mr. Ed Brown reported that packing has begun for tomatoes, onions and cherries. Mr. Brown stated that there was minimal rain damage to cherries in the Lodi area.

Mr. Rick Jensen reported that the Inspection and Compliance Branch is making structural changes. The past year, management reviewed offices and districts. The West Sacramento office and Stockton office were merged. Their operations are now centralized in Lodi. Mr. Jensen reported that the Cooperative Agricultural Support Services (CASS) program, which is the Joint Powers Authority, developed by Cdfa, Yolo, and Trinity counties remains fully operational and successful. CASS is used by the Division of Plant Health and Pest Prevention Services in various locations throughout the state. Mr. Jensen reported that the Shipping Point Inspection (SPI) program has been reorganized. Mr. Mike Davis retired, therefore his roles and responsibilities have been redistributed. Ms. Vickie Baker is now working in a field position, responsible for the Country Of Origin Labeling program (COOL) and the Branch Internal Quality System. Mr. Jensen stated that the COOL program had previously worked with over 200 retail stores per year, and has increased to 573 retail stores this year. Mr. Jensen stated the audits will be completed by November 30, 2009.

Mr. Jensen reported changes occurring in the Division of Inspection Services. The State Organic Program (SOP) is currently being reorganized. The SOP's goal is to develop regulatory strength behind the statutory responsibilities to enforce organic laws. The SOP expects to emerge from this process in three to six months. Organic production is anticipated to increase. There are approximately 300 to 400 new registered operations yearly. The Division of Inspection Services tracked two bills last year, compared to twelve bills this year, with four to five of the bills being classified as "significant". Mr. Jensen gave an overview of the bills that are being tracked.

ITEM 6: FOOD SAFETY PROGRAMS UPDATE

Mr. Steve Thomas reported that we are entering the third year of the Leafy Green Marketing Agreement program (LGMA). Within the Inspection and Compliance Branch, there are nine auditors assigned to the LGMA program. LGMA has been working with

Arizona on their LGMA audits for two years. The United States Department of Agriculture (USDA) Good Handling Practices/Good Agricultural Practices (GHP/GAP) program is increasing. SPI is currently working with a major producer, which has the potential to increase our GHP/GAP substantially.

ITEM 7: FINANCIAL REPORT

Mr. Jensen provided the SPI committee with an overview of the financial report. Mr. Jensen reported that Personal Services was projected at \$2.8 million for Fiscal Year (FY) 2008/2009. Areas of concern include increased costs to retirement benefits being paid by the program, and high workers' compensation rates. Mr. Jensen stated that the SPI program is working with Financial Services and the Budget Office to decrease the rate currently being paid, which is ten percent, to approximately five percent. Our current Workers' Compensation plan is a policy which is funded by the State Compensation Insurance Fund. Mr. Jensen reported that projected total program costs for the SPI program is estimated at \$12.8 million. The SPI program is scheduled to receive a \$300,000 refund from unclaimed gas tax and \$12.5 million in revenue from fees and services.

A.) 2009/2010 Proposed Budget

Mr. Jensen stated that projections include an increase in permanent salaries due to the changes in the SPI program. Mr. Jensen stated that there will also be a small increase in Personal Services in FY 2009/10, with a proportionate decrease in the direct charge within the Division of Inspection Services. The SPI program is proposing a total authority of \$14.1 million for FY 2009/2010. Mr. Jensen proposed that a subcommittee be formed to develop the FY 2010/2011 budget, and to work on potential budget issues. Mr. Jensen gave an overview of the revenue, expense, and cash balance chart. In FY 2004/2005, there was approximately \$2.1 million in the trust fund and approximately -\$2.5 million in the Agricultural Fund. Expenditures and revenues have been adjusted, and there is now a combined projected cash balance of \$4.5 million for this year. In FY 2007/2008, with the large almond crops, revenue reached \$15 million. Mr. Jensen stated that the SPI program needs to maintain a minimum of 25 percent of the proposed budget in the Agricultural Fund.

MOTION: Mr. Carian moved to approve the budget as submitted. The motion was seconded by Ms. Maria Alvarado. The motion passed unanimously.

Mr. Pandol asked Mr. Jensen if the Committee should approve a transfer of funds from the Trust Fund to another account. Mr. Jensen stated that the Trust Fund is an acceptable account. Mr. Jensen stated that the money is not earning much interest, but

is not expected to go into a negative balance in the next two and a half months. Mr. Jensen explained that the Trust Fund can be set up in Certificate of Deposits (CD's), although the CD's wouldn't pay much more than what is currently being earned at this time. The committee may schedule a mid-year session to explore the possibility of CD's.

ITEM 8: OTHER BUSINESS

Mr. Jim Jasper asked about the incoming almonds and the position report. Mr. Jasper requested to receive the report on a weekly basis from the Almond Board. Mr. Jasper stated that the report gives information regarding what's coming in, and provides information on the upcoming years. Mr. Jasper feels this information would be vital to him during harvest.

ACTION: Mr. Jensen will make a request to the Almond Board to send a weekly position report to the committee members.

Mr. Greg McNair reported that Washington, D.C. has undergone some restructuring. Mr. McNair stated that positions have been merged under the Office of the Chief. Mr. Vincent Fusaro, Business and Personnel Specialist, Mr. Ken Peterson, Audit Program Coordinator, and Ms. Kathy Staley, Senior Advisor for Quality Management, are being utilized by the Process Products Branch. Mr. McNair stated that the Process Products Branch pays eighty percent of Ms. Staley's salary. Mr. McNair reported that the Fresh Products Branch has merged the Standardization and Training Sections. Ms. Diane Tanaka, of the Equipment Depot has retired, and her work has been redistributed. The Equipment Depot will be relocated to the Training and Development Center in Fredericksburg, Virginia. Mr. McNair stated that the Standardization and Training Center conducted a web-based training on Market Inspection and saved the States substantial costs on travel expenses. Mr. McNair stated that the Commodity Procurement Branch now requires mandatory GAP/GHP audits from suppliers. Mr. McNair reported that there will be upcoming trainings for Arizona auditors in Yuma for the LGMA.

ITEM 9: NEXT MEETING

The next meeting, if needed, will be scheduled in September or October of 2009, possibly via an internet webinar.

ITEM 10: ADJOURNMENT

MOTION: Mr. Jim Jasper moved to adjourn the meeting. The meeting was adjourned at 11:25 a.m.

Respectfully submitted by:

Rick Jensen, Chief
Inspection and Compliance Branch
Inspection Services

RJ/dw