INTRODUCTIONS AND ANNOUNCEMENTS

Mr. John Walth, Chair, called the meeting to order at 9:00 a.m. He 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 and a quorum was established.

APPROVE JUNE 14, 2017 MEETING MINUTES

Chair Walth requested the board review the minutes of the June 14, 2017 FIAB meeting.
MOTION: Mr. Tom Prokop moved to approve the meeting minutes; Mr. John Silva seconded. The motion passed unanimously with a vote by all Board members present of 9-0.

DEPARTMENT / DIVISION / BRANCH UPDATE

Ms. Natalie Krout-Greenberg announced Mr. Nirmal Saini retired in July, and Dr. Barzin Moradi, the former Program Supervisor for the Fertilizer Research and Education Program (FREP), was appointed as the Branch Chief for the Center for Analytical Chemistry (CAC) lab in August.

The Department is in year two of the five-year cooperative agreement with the Food and Drug Administration (FDA) to implement the Food Safety Modernization Act (FSMA) Produce Safety Rule. A Request for Proposal (RFP) was announced October 2, 2017, seeking a contractor to provide food safety training, which is mandatory for all individuals responsible for creating a fresh produce food safety plan.

As of August, the Department’s CalCannabis Cultivation Licensing Program is no longer part of the Inspection Services Division. Mr. Richard Parrott was appointed as Director of the new CalCannabis Cultivation Licensing Division on August 23, 2017.

Assembly Bill (AB) 964 regarding food waste and labeling was presented to the Governor September 21, 2017. The Department is closely watching to see whether the Governor will sign the bill.

Dr. Amadou Ba provided Branch updates. Dr. Doug West, Environmental Scientist (ES) for FREP, retired August 31, 2017, Ms. Kimber Collins-Florian was appointed to the Senior Environmental Scientist (SES) (Specialist) Biochar position for the Fertilizing Materials Inspection Program (Fertilizer), and Ms. Marilyn Boehnke, a former BOSS unit employee, has returned to the Branch as an Associate Governmental Program Analyst. Interviews are being conducted for the vacancies in the Feed Inspection (Feed) Program and Ms. Areias is working diligently to hire fully qualified candidates. Dr. Ba reported the Branch is well advanced with its reorganization from Investigator to ES classifications.

Dr. Ba stated regulations have been drafted for the implementation of the Antimicrobial Use and Stewardship (AUS) Program. AUS is consulting with the Department’s Legal Office for direction on responding to public comments and clarification on Senate Bill (SB) 27 provisions (Food and Agricultural Code (FAC) Division 7, Chapter 4.5) that go into effect January 1, 2018. Fertilizer enacted regulations for the Fertilizing Materials Standards/ Labeling Inspection Protocol, effective October 1, 2017. The proposed regulations for the Fertilizing Materials registration cycle were approved by the Office of Administrative Law on August 30, 2017, and will become effective on January 1, 2018.
Dr. Ba stated the Department was tasked to review a report by the nonprofit Sustainable Conservation organization titled, “Compost: Enhancing the Value of Manure”, and identified a nexus between the Fertilizer and Feed programs. Based on Department data from 2016, California dairies produce milk from approximately 1.75 million cows which produces 30 million metric tons of manure every year. Cow manure contains valuable nutrients and is commonly put to beneficial use to fertilize crops grown for feed. However, manure can also pose environmental risks when not managed carefully, creating air and water pollutants, and greenhouse gas (GHG) emissions. Manure is a valuable product for which, given current prices, a dairy would expect $1 to $4 per ton. The Sustainable Conservation report concluded that compost is an economically viable option that enables dairies to reduce their most significant environmental risks, the quality of air and water.

SB 623 has become a two-year bill. This bill, which would establish the Safe and Affordable Drinking Water Fund, tasked agricultural communities, environmental justice groups, and public water system groups to come to an agreement on a solution for nitrate in ground water. The agricultural communities agreed to accept assessments that include a Fertilizer Safe Drinking Water Fee of about $18 million, Dairy Safe Drinking Water Fee of about $5 million, and a Safe and Affordable Drinking Water Fee. The bulk of the funds, assessed for more than $100 million, was anticipated to come from customers of public water system; however, this faction opposes the bill.

AB 747, parallel to SB 623, a Monterey County ordinance is proposing a tax on all nitrogen based fertilizing materials, for approval by the voters. If SB 623 does not pass, AB 747 will be the vehicle for water quality issues in Monterey County through the nitrogen tax that will be collected as sales tax.

MEAT, POULTRY, AND EGG SAFETY BRANCH UPDATE

Ms. Paula Batarseh, Branch Chief of the Meat, Poultry and Egg Safety Branch (MPES), introduced her colleague, Mr. David Schurr, SES, the primary scientist for the Branch. Ms. Batarseh gave an overview of the MPES. She highlighted the key elements of the Rendering program, which are the infrastructure and processing capabilities for handling animal mortalities and byproducts. Ms. Batarseh reported the Rendering program focuses on administrative activities such as annual licensing and renewals, and inspection and enforcement activities such as investigations leading to prosecution and possible citations, warrants, and arrests due to violations of sections of the FAC. The goal of the program is to expand partnerships with cities and counties, work closely with other regulatory agencies to delineate roles and responsibilities, and build stronger relationships with various stakeholders. She noted that renderers are instrumental in the collection and transportation process of handling animal mortalities, viscera/offal from animal slaughter, such as bone, meat, blood, and other meat byproducts.
FUND CONDITION / TONNAGE REPORTING / PROPOSED FY 18/19 BUDGET

Dr. Ba reported, as of July 1, 2016, the total combined funds for the Feed and Safe Animal Feed and Education (SAFE) programs were $2,504,172; revenue was $3,892,997; expenditures were $2,521,241; encumbrances were $56,739; and the total ending adjusted balance was $3,819,189. Dr. Ba presented the total beginning funds, expenditures, encumbrances, and ending adjusted balance for both the Livestock Drugs (LD) and AUS programs.

Chair Walth questioned the total revenue of $3.9 million for Feed and SAFE. He stated the revenue should instead be closer to $4.1 million based on $2,709,662 of tonnage revenue, $925,000 of Feed licenses, and the Western Milling settlement amount of $526,500. Dr. Ba responded that the program obtains a financial Management and Accounting Reporting System (MARS) report that captures all program revenue data and distributes revenue to the appropriate funds and programs. MARS is a dynamic system and the numbers are in continual flux. Ms. Krout-Greenberg reported the Department split LD from Feed and SAFE in January, the middle of fiscal year (FY) 16/17. Ms. Jenna Areias noted that 15 percent of the tonnage tax ($391,000) was transferred to SAFE.

Chair Walth requested a snapshot of program funds in December 2016, February and June 2017, be presented to the Board at the next FIAB meeting along with the revenue program cost account (PCA) codes for each program during the program split. Ms. Krout-Greenberg stated the Department will identify and summarize the LD split from Feed and SAFE and how the revenue was parsed out to the three programs to ensure the revenue streams for all the programs are clear and fully transparent.

Chair Walth commented that by statute, the program was to have 25 percent of the budget in reserve for economic uncertainties. Ms. Krout-Greenberg stated for clarification and consistency the Department recommends a reserve of 50 percent to anticipate the closing of a program which takes approximately six months.

Dr. Ba reported feed tonnage for FY 16/17 was 22,580,515 tons with tonnage revenue of $2.7 million. Feed tonnage for FY 16/17 aligns with previous FY 15/16 and is consistent with tonnage revenue.

Ms. Areias stated Feed was asked to provide a breakdown of tons per species. From tonnage reports numbers reported by industry, dairy tonnage makes up 44 percent of the $22.5 million tons in FY 16/17. Dairy, beef, poultry are the top species that make up the tonnage report.

Mr. Tad Bell recommended the Department continue to work on obtaining supporting evidence to depict species data on tonnage.
Dr. Ba reported the approved FY 17/18 budget for total personnel expenses is lower than the Governor’s FY 17/18 budget. The ratio of salary, wages, and benefits expensed in FY 16/17 determined what was proposed in FY 18/19 budget. The $2.1 million total distributed costs proposed in FY 18/19 identifies $95,000 for the estimated operational costs of the near-infrared (NIR) instrument for the lab budget. The NIR is not currently used for enforcement issues, but is a pilot program to screen almond hulls. The Board may choose to move the NIR budget to SAFE today or consider the move for a later date. The approved FY 17/18 program budget of $3.6 million is a little higher than what was expended in FY 16/17. The proposed FY 18/19 budget aligns with the Board-approved FY 17/18 budget and the Governor’s budget of $3.694 million.

Dr. Ba reported the actual FY 16/17 expense for SAFE includes total personnel services, operational expenses, and distributed costs, with a total net program of $150,444. The Department anticipates SAFE to be fully staffed and proposes a total net program budget of $274,335. The proposed Feed and SAFE combined total net budget for FY 18/19 is $3.9 million.

Mr. Doug Stabelfeld asked if staffing is the primary reason for the difference between actual FY 16/17 expenses and approved FY 16/17 budget. Dr. Ba stated there are two components why the actual FY 16/17 expenses are lower than the approved FY 16/17 budget, Feed vacancies and AUS not fully staffed.

Ms. Krout-Greenberg stated the FY 18/19 budget reflects Feed program activities but does not include the program’s request for federal authority, or Budget Change Proposals.

Mr. Paul Parreira asked about lab equipment and discussed the importance of having funds in the budget to replace equipment as needed.

Ms. Elaine Wong stated the lab has prepared an equipment list of purchase date, functionality, and replacement date for all equipment in the lab. She reported the lab’s decision to purchase equipment is based upon when the maintenance costs begin to exceed what is reasonable. She professed the lab should slowly move into new technologies. For 18/19, she requested approval to purchase an Inductively Coupled Plasma Optical Emission Spectrometry (ICP-OES) instrument to analyze minerals. If approved for this year, FY 17/18, she asked to purchase a new Mass Spectrometer for mycotoxin screening as the current one is 10 years old and starting to have issues. In the proposed FY 18/19 budget, $370,000 is included for equipment.

**MOTION:** Mr. Tom Prokop moved to approve the proposed FY 18/19 budget for Feed and SAFE; Mr. Doug Stabelfeld seconded. The motion passed unanimously with a vote by all Board members present of 9-0.
Dr. Ba presented the proposed FY 18/19 budgets for the Livestock Drug Inspection Program (LD) and AUS for information only. He noted the FY 18/19 budget for AUS was revised, explaining that the program was expecting five ES positions; however, only two positions were received. Ms. Krout-Greenberg stated the LD and AUS budgets are presented to ensure the Board is aware of any funds coming in that have the potential to offset costs for work shared with Feed staff.

Chair Walth stated the tonnage tax is too high. He said the tax should not be changed frequently, however the budget projections indicate the tax could be reduced and stay at those levels for several years. He stated this request would not benefit him personally, as his organization pays more in license fees than tonnage tax due to multiple locations.

Chair Walth asked what the effective date would be if the Board voted to reduce the tonnage tax. Ms. Areias responded effective dates are quarterly with a one quarter lag, so the tonnage tax reduction would start January 2018.

Mr. Prokop asked what the revenue would be if the tonnage tax including the license fee was reduced by $0.02. Ms. Areias stated 22 million tons reduced to $0.10 in January would bring in $3,050,000 for FY 17/18.

**MOTION:** Mr. Tom Prokop moved to recommend to the Secretary to reduce the feed tonnage tax to $0.10; Mr. John Silva seconded. The motion passed unanimously with a vote by all Board members present of 9-0.

Chair Walth stated the tax reduction should take effect as soon as possible. Ms. Areias stated the Feed program is looking at a January 1, 2018 date.

Mr. Bell asked the Feed program to track the tonnage tax reduction by capturing proposed budget and actual expenses in the future so that a budget meeting is not required to determine whether to reduce the feed tonnage tax. Ms. Krout-Greenberg stated Feed will have a better indication and projection by the next meeting. Chair Walth asked the program to provide a projection of tonnage revenue for the end of FY 17/18 at the next meeting.

**REASSESS PROGRAM’S 2013 STRATEGIC PLAN**

Ms. Areias discussed the importance of strategic planning for guidance on program activities. She stated the program has been planning for years for FSMA, and now needs to look forward. She recapped where the program has been and how it helped program activities align with what is to come and changes needed within the industry.

In the 2002 review, the SAFE program was introduced along with its components, proposed staff, and regulatory language. There was a 30 percent increase in tonnage
reporting from 2000 to 2002. There was a proposal to realign program staff with regional supervisors that was not adopted.

The 2006 strategic review focused on feed safety. Tonnage tax auditing was put in place because of issues in tonnage tax reporting. A web-enabled database was authorized to allow online payments of applications and license renewals, tonnage tax reporting, and aflatoxin certificates of movement to be completed online. It was determined to split Feed from Fertilizer and have a supervisor and dedicated staff for each program. The lab was directed to consider outsourcing feed sample analysis and to identify new equipment needs. The license fee was changed from every two years to annually, and was increased from $100 to $300.

In 2013, the focus of the strategic review was realignment to two-tier field staff system with some doing the more complex work of federal contracts, and outreach and education based Hazard Analysis and Critical Control Points (HACCP) inspections, and others doing routine inspections. The program wanted a 60/40 split of food and feed safety sampling versus label compliance. The need for 11 field staff, 1 office staff and 1 field supervisor was identified; the supervisor was added but not the staff. HACCP-like language was added into the feed law with the adoption of FAC Section 14903. The LD law was reviewed, and a recommendation was made to restructure the LD license and registration fees with an increase in fees, which would be carried mostly by the drug manufacturers, to enable the program to pay for itself; the recommendation was not adopted. The Feed request to adopt the FSMA regulations when finalized and establish a Technical Advisory Sub-Committee were approved by the Board. Feed proposed an enhanced database and information gathering for inspections, sampling, and lab reports that we are still working on. Feed continued participating in national and FDA meetings, provided outreach and education through SAFE, implemented an equipment replacement line item in the Feed budget, and began an annual evaluation of the lab’s timeliness in sample analysis.

FEED, LIVESTOCK DRUGS, SAFE, AUS PROGRAM UPDATE

Ms. Areias announced pending medical clearance Ms. Casey Dykier, who holds a Master of Animal Science from the University of California, Davis, will fill the northern California ES position with a start date in November. Before coming on board full time, Ms. Dykier will work part time while she finishes out her semester teaching animal feed and nutrition courses at Butte and Sierra Colleges. Ms. Areias announced Mr. Timothy Valles was appointed to the 50/50 Feed and AUS Staff Services Analyst position. Feed is working diligently to fill the ES positions for San Joaquin County and AUS.

Ms. Areias reported, due to last year’s flooding and its effects on rail lines and other modes of transportation in moving commodities into and out of the state, Feed program staff met in the spring with the Department’s Emergency Management Coordinator (EMC), the California Office of Emergency Services (Cal OES), the California Grain and
Feed Association (CGFA), and Homeland Security to draft emergency plans. The EMC is the Department’s liaison with Cal OES.

Since that meeting, Ms. Areias reported Ms. Asha Raj was appointed as EMC and Feed met with her to re-engage discussion on the plans. The Department will develop emergency preparedness, communication, continuity, and crisis plans, as well as a business impact analysis to better assist industry in an emergency situation. Feed and the new EMC will meet on October 30, 2017, and will work closely with the Board and CGFA for guidance.

Mr. Bell stated that one of the things industry wanted to establish during last spring’s discussions was the feed industry and the mills in California are critical infrastructure necessary to keep animals alive. Consequently, if a mill is threatened, in addition to the coordination and communication plans, the powers of the Governor to make things happen could be applied. Ms. Areias stated the Department is working on that important issue, and intends to be prepared to serve the feed industry when emergencies arise.

Ms. Areias reported the Feed program is in year three of the Animal Feed Regulatory Program Standards (AFRPS) cooperative agreement to build regulatory program standards. The program has been developing standard operating procedures (SOPs) for different aspects of the program, an inspection process, sampling plans, and manuals for how Feed conducts business. The program has established a three-tier inspection process for routine inspections, medicated feed inspections, and violation follow-up inspections, with a primary focus on compliance factors and enforcement. Some of what has been developed has been in place for a while, such as checklists to guide and standardize inspections.

As AFRPS approaches its third year of implementation, focus on FSMA compliance will begin. The full rollout was introduced to staff in September, and staff will now follow the AFRPS manual. Some changes may be noticed during staff visits to firms; all activities are solidly focused on firms attaining FSMA compliance. Staff is tracking time spent on AFRPS activities and charging it to the contract; whether medicated feed, routine, or violation follow-up inspection; internal training; working on standards development and modification; or any other AFRPS activity. SOPs still need to be developed for AUS to track employee time of inspections, federal contract work, outreach and education, and other activities.

Ms. Areias reported the State Organic Program (Organic) began a double blind pilot study in 2015. The study analyzed 23 samples of organic products for Genetically Modified Organisms (GMOs); seven of the samples showed the presence of GMOs. A Notice to Industry was released on May 3, 2017 to announce the study would no longer be blind and that 60 samples would be collected over the next year. Of the 60 samples, half will be from animal feed and the other half from raw agricultural products. The
Department’s memorandum of understanding (MOU) with Organic is still under development. Feed’s work will not begin until the MOU is ready.

**FEED AND LIVESTOCK DRUGS FIELD ACTIVITIES**

Ms. Areias stated Feed is continuing mycotoxin testing on whole corn and cottonseed products coming into California. On September 20, 2017, all Feed staff participated in training on Aseptic Sampling, a GMO testing technique. Ms. Samantha Moran, Mr. Ted Bert, and Mr. Mike Davidson completed FSMA Good Manufacturing Practices (GMP) training and will conduct 10 FSMA GMPs under the FY 17/18 contract. Feed staff has been focused on mixer studies and flush verification studies at firms that manufacture medicated feed; during the next federal FY, staff will conduct 10 FSMA veterinary feed directive (VFD) inspections under the contract. The VFD inspections are different than the inspections coming under AUS, and will be conducted as part of the Bovine Spongiform Encephalopathy (BSE) inspections. The number of BSE inspections under the new contract was reduced from 75 to 50. The Food and Drug Administration (FDA) has released very impressive inspection checklists for VFDs; Feed is prepared to perform the inspections as soon as the work is assigned.

Ms. Areias provided updates on FSMA GMP readiness inspections, restricted livestock drug retailer visits, completed federal contract work, and enforcement work. She noted this year, Feed has done more in enforcement and carrying cases forward than ever before. A repeat Tissue Residue violator in Merced County pleaded guilty to five counts of violating the California Livestock Drug Law.

Mr. Bell asked if this information would be published and Ms. Areias replied in the affirmative. He also asked when the 10 FDA inspections would occur; she replied she anticipates getting those assignments when Feed has its planning meeting with FDA on October 17, 2017. He further inquired if the readiness inspections had been completed; Ms. Moran replied 10 of the readiness inspections have been completed.

Mr. Bell requested that prior to the FDA official inspections, Feed share with industry what its staff has learned from the readiness inspections; he also suggested presenting the information to the feed manufacturing study group so those interested can learn what issues are being seen before their official inspections. Ms. Moran reported a document has been prepared summarizing what the findings are for each section of the Feed laws and regulations; it will be posted on the SAFE website when it is finalized.

Ms. Rachelle Kennedy reported AUS regulations have been drafted and the program is working with the Department’s legal office to address the comments received. Outreach efforts to Restricted Livestock Drug Retailers (RLDR) resulted in an increase of 327 licensees. Outreach materials, which include a copy of the LD laws, flowcharts, lists of medically important antimicrobial drugs (MIADs) vs RLDs, brochures, and application forms, are provided to all retailers, whether licensed, unlicensed, or with an expired
license. State and federal regulations will be different when a new state law takes effect on January 1, 2018. Per the new rule, any purchase or use of over-the-counter drugs within the state must be by prescription only.

Ms. Kennedy reported Feed staff had visited 50 percent of RLDR firms; 5 of those firms were out of business. VFD firms who filed a letter of intent will receive a follow up visit for a retailer license. Feed staff also visited 73 unlicensed firms; of those, 5 were out of business, 41 required a license, and 22 did not sell VFDs. The program will continue to complete VFD inspections through its FDA contract.

Ms. Kennedy gave an overview of MIADs and non-MIADs. She also reported on the breakdown of VFD firms that planned to distribute and/or manufacture VFD, and the license types are feed only, RLDR only, both, or neither.

Chair Walth asked if there was a breakdown on percentage of sales. Ms. Kennedy replied that the program does not track the percentage of sales. Firms are required by the LD law to keep records of what is sold and the amount sold.

**SAFE AND AFRPS**

Ms. Moran stated she is the Food Safety Preventive Controls Alliance (FSPCA) Lead Instructor. The SAFE program hosted a FSPCA Qualified Individual (QI) training on July 17-19, 2017 in Modesto, California. Since May, SAFE has been focusing on FSMA GMP readiness inspections for Priority 1 firms. FSPCA Preventative Controls QI (PCQI) training will be December 4-6, 2017 at the Tulare Agricultural Commissioner’s Office in Tulare, California. Sample data for the Department’s annual report will be published to the SAFE website when finalized. SAFE is in the process of creating a Listserv for industry to communicate with the program and amongst each other. AFRPS was audited by the FDA July 10-11, 2017. SAFE is on track having completed six of the 11 standards: inspection program, feed-related illness or death and emergency response, outreach activities, self-assessment, lab services, and sampling program.

**CENTER FOR ANALYTICAL CHEMISTRY LAB REPORT UPDATE**

Ms. Wong reported the lab met its 21-day turnaround goal for 88 percent of samples. The bulk of samples were protein, crude fiber (CF), fat, moisture, and lots of monensin. The CAC AFRPS grant is for Standard 10 of the 11 AFRPS standards. CAC is tasked with becoming International Organization for Standards (ISO) accredited for all of its sampling methodologies. The lab is on year 3 of the AFRPS grant and over the past two years completed and fully implemented 11 methods which are now ISO accredited; the lab has about 60 methods staff still has to document and validate for ISO accreditation.

Ms. Wong stated the NIR instrument has been validated to meet all ISO requirements for use in the lab and are waiting for final approval from the Quality Assurance officer.
The NIR instrument was calibrated and staff reanalyzed 57 samples to compare with a different analyses and found that CAC was within 2 percent of expected value, which is the approved percentage of expected value for comparison analysis of complement fixation (CF) from the Association of American Food Control Officials (AAFCO). The lab will begin almond hull testing when approved.

Ms. Areias stated there must be a regulatory change to shift to using the NIR. Mr. Bell suggested that Feed consider taking steps to put it in a regulatory context, and also suggested using the NIR to screen and wet chemistry for the regulatory work.

Ms. Wong stated that because the current regulations specify a CF percentage as the standard for almond hull quality, the method of choice is testing for CF by the ANKOM instrument. She said testing for CF in animal feed began in the 1890’s and everyone agrees it is time to move away from that; however, many other states also have it as the standard in their statutes. To move forward, the Department will need to get AAFCO involved to affect change in the various state laws. The Board consensus was to task the Feed Technical Advisory Subcommittee (TASC) to look into changing the quality standard for almond hulls in the Feed regulations.

**CGFA UPDATE**

Mr. Bell gave a brief update; he stated the Department continues to work on crisis communication efforts, and suggested developing a recall plan.

**AGENDA ITEMS FOR FUTURE MEETINGS**

Chair Walth asked the Board for agenda items for the next meeting. Dr. Ba stated Board member appointments would be added as an agenda item and said a press release would be sent to industry in January 2018. Ms. Areias stated a TASC update would also be added as an agenda item.

**NEXT MEETING**

Chair Walth stated the next meeting will be held before board terms expire April 30, 2018. Members will be polled to select a date.

**MOTION:** Mr. Michael Koewler moved to adjourn the meeting; Ms. Marit Arana seconded. The motion passed unanimously with a vote by all Board members present of 9-0.

The meeting was adjourned at 12:35 p.m. by Chair Walth.

Respectfully Submitted By
Jenna Areias, Feed Program Supervisor
Feed, Fertilizer, and Livestock Drugs Regulatory Services

10/05/2017  Date