

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)  
ANIMAL HEALTH AND FOOD SAFETY SERVICES (AHFSS)  
MEAT, POULTRY AND EGG SAFETY BRANCH (MPES)  
SHELL EGG ADVISORY COMMITTEE (SEAC)  
BUDGET COUNTY CONTRACTS SUBCOMMITTEE  
MEETING MINUTES  
FEBRUARY 15, 2023**

California Department of Food and Agriculture  
1220 N Street  
Sacramento, CA 95814

Item  
No.

**CALL TO ORDER**

Mr. Andrew Demler, Chair, called the SEAC meeting to order at 2:02 p.m. and a quorum was established.

**(1) ROLL CALL**

Roll call was taken by Mr. Michael Abbott, Egg Quality Manager, Egg Safety and Quality Management (ESQM).

**COMMITTEE MEMBERS PRESENT:**

Andrew Demler, Chair  
David Will, Chino Valley  
Michael Gemperle, Gemperle Family Farms  
Lupe Gutierrez, NuCal Foods

**CDFA:**

Dr. Fernando Umayam  
Michael Abbott  
Penny Arana  
Rachel Andrade  
Logan Bartley

**INTERESTED PARTIES:**

None

**(2) BUDGET DISCUSSION**

Mr. Michael Abbott presented the budget for Fiscal Year (FY) 23/24 in comparison to the FY 22/23 budget. The budget presented showed there was increased costs from FY 22/23 to FY 23/24 due to two additional costs being added. The first cost added was a new Environmental Scientist (ES) position and the second was the rent for the new Ontario office.

Mr. Demler inquired about the additional ES position and how it will affect current staffing. Michael Abbott explained that the recently approved FDA Egg Regulatory

Grant will allow ESQM to fund the new ES position, therefore, no existing ES staff will be taken away from their essential duties.

Mr. David Will inquired about why the benefits had decreased by \$50,000, while an additional position was added to the budget. Mrs. Rachel Andrade explained that because ESQM has newer staff, the benefit rates are at a lower rate than staff that have been with the program longer.

Mr. Abbott continued his review of the budget. He stated that the Division is currently working on moving the Ontario offices to a new location, so the program will be required to pay a percentage of the rent moving forward. The current location in Ontario did not charge rent to the program during the duration of ESQM's occupancy. The new rent cost will result in a \$20,000 increase in the proposed Facility Operations budget line item for FY 23/24.

Mr. Demler inquired about the reason the budget line item for County Certified Farmers Markets Inspections was reduced to zero. Mr. Abbott explained that the Markets were not using the funds budgeted nor were they able to meet the obligations on the agreements that were negotiated. Because of this, CDFR decided to discontinue the agreements for this program, thereby reducing the budget to zero. The line item will be recorded as a zero-budget line item until it falls off the report after four years.

Mr. Michael Gemperle inquired about the decrease in Out of State (OOS) Travel. Mr. Abbott replied that due to the Highly Pathogenic Avian Influenza (HPAI) outbreaks throughout the country, OOS Travel was restricted thereby decreasing the proposed budget for this next year.

Ms. Lupe Gutierrez asked why there was a \$15,000 jump in Information Technology on the proposed budget. Mr. Abbott replied that there is a need to update the Programs Shell Egg Food Safety (SEFS) inspection application on all the program Apple devices because the current operating system was no longer compatible for the current Apple devices.

Mr. Abbott continued with the revenue page of the report. The program has been receiving consistent additional money from FDA and USDA for FY 23/24. He explained that the programs operation budget exceeds what it is bringing in. The goal is to bring down the combined cash reserve balance, to the recommended amount. By the end of the FY 22/23, the combined cash reserve balance is estimated to be around \$5,255,500. The combined cash reserve balance will continue to decrease every fiscal year, with a projected \$3,944,665 at the end of the FY 23/24 and a projected \$2,663,831 at the end of FY 24/25.

Mr. Abbott continued the budget discussion, further summarizing the projected budget and reserve funds for FY 23/24. The estimated total funds available for expenditures at the start of the FY 23/24 will be \$8,963,789. The projected budget for FY 23/24 will be \$5,459,170. This will leave the cash reserve at an estimated \$3,944,665 as of June 30, 2024.

Mr. Abbott stated that due to these projections, he does not believe that an increase in the Egg Mill Fee is necessary at this time.

Mr. Will inquired about how the program was doing regarding the actual budget, compared to our projected budget. The Board requested a report on the actual mill fees collected to compare it to the mill fees projected by CDFR, over the last 2 years.

Mr. Will asked for the reason there are no penalties being projected into the proposed budget. Mr. Abbott replied that the objective of the program is to have a total of zero penalties and that attempting to forecast penalty numbers would be inaccurate due to isolated and unforeseen farms committing violations.

Mr. Gemperle asked the reason for the 22% increase in wages compared to the previous years. Mr. Abbott explained that when COVID-19 broke out, all employees took a 10% salary cut due to furloughs in 2021 and 2022. In addition, bargaining units all had pay increases during these years as well, when contracts were renegotiated.

**Motion #1:** Ms. Gutierrez motioned to approve the budget, which will be presented to the Shell Egg Advisory Committee at the next meeting. Mr. Will seconded the motion. The motion passed unanimously with no abstentions.

(3) **PUBLIC COMMENTS**

No public comments were made

(4) **ADJOURN**

**Motion #2:** David Will motioned for the meeting to be adjourned. Mr. Gemperle seconded the motion. The motion passed unanimously without any abstentions.

The meeting was adjourned at 2:41 p.m.

Respectfully submitted:

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Logan Bartley