

**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)
MEETING MINUTES
MARCH 21, 2025**

California Department of Food and Agriculture
1220 N Street, Room 333
Sacramento, CA 95814

Item
No.

(1) ROLL CALL

Mr. Andrew Demler, Vice Chair, called the SEAC meeting to order at 9:13 a.m. Roll call was taken and a quorum was established at 9:14 a.m.

COMMITTEE MEMBERS PRESENT:

Michael Gemperle, Chair
Andrew Demler, Vice Chair
David Will, Chino Valley Ranchers
Steve Mahrt, Petaluma Farms
Glenn Hickman, Hickman Family Farms
Lupe Gutierrez, NuCal Foods
Kaliko Orian, Kaliko Farms
John Bedell, Alternate
Sam Kang, Public Member
Debbie Murdock, Pacific Egg and Poultry Association (PEPA), Non-Voting

COMMITTEE MEMBERS ABSENT:

Frank Hilliker, Alternate
Michael Sencer, Hidden Villa Ranch
Cathy Roache, CACASA Representative

CDFA:

Paula Batarseh	Andrew Halbert
Michael Abbott	Dr. Ricardo Gaitan
Paul Roos	Joanne Ortiz
Kim Ellis	Joanne Wong
Rachel Andrade	Penny Arana
Sedona Quiroz-Lopez	

(2) APPROVAL OF MINUTES

Mr. Demler asked SEAC to review the meeting minutes from February 24, 2024.

Motion #1: Mr. Glenn Hickman made a motion to accept the minutes. Mr. Steve Mahrt seconded the motion. All members agreed with no abstentions. The motion passed unanimously.

(3) ESQM BUDGET APPROVAL

Mr. Michael Abbott presented the updated Egg Safety and Quality Management (ESQM) budget and annual egg mill fee assessment report. He was able to negotiate with Border Protection Stations (BPS) to reduce their contract by about \$50,000, resulting in a final cost of \$333,051.

Mr. Demler asked how the egg mill fee assessments can vary so widely month to month. Mr. Abbott explained that these variations arise from when companies submit and report their assessments in addition to the time it takes for the payments to be processed through the department's current payment system. The committee members expressed concerns about the current assessment processing system and suggested the program reevaluate the process to include real-time data on assessments. The Branch will audit their current processes, and address any deficiencies, including how they track missed assessments, late notices and payment tracking. Ms. Paula Batarseh also reminded the Board that the assessments are processed through CDFA's financial services office, which processes all receivables for the entire Department and works continually to minimize delays.

The committee asked about Proposition 12 (Prop 12) Border Station contract and if there was any crossover between Prop 12 and ESQM border inspections. Mr. David Will further inquired if there is a possibility of integrating the two inspections into one agreement. Mr. Abbott explained that the Prop 12 inspections look for separate criteria than ESQM and that the Animal Care Program (ACP) pays roughly 45% more for their BPS contract. In contrast, ESQM's BPS work includes inspection checks for egg handler registrations, illegal load surveillance and Shell Egg Food Safety (SES) compliance verifications.

Mr. Mahrt suggested that Prop 12 inspections should be combined to avoid duplication of efforts, since all egg handlers in California must be registered with both programs. Mr. Hickman added that the Board is not informed of enforcement actions frequently enough to perceive crime-deterrent value or if it provides any kind of accounting checks and balances. Therefore, he proposed to the Board that they cancel the BPS contract and reserve funds in the budget to offset anticipated losses in assessments.

Motion #2: Mr. Hickman made a motion to cancel the ESQM contract with Border Stations. Mr. Will seconded the motion, with the amendment that more discussion was needed to make a more informed decision. No other members voted on the motion and the motion did not pass.

Mr. Will asked if ACP had formed a Prop 12 advisory board, as was discussed when the legislation was approved. Ms. Batarseh answered that there is no advisory board yet, but she will discuss this with Dr. Elizabeth Cox who oversees the program. She acknowledged the need for further understanding between the two programs and best approaches to border inspections and what the consequences of ending the contract would be for the program. Mr. Andrew Halbert confirmed that ACP does not currently have an

advisory board because it was not included in Prop 12 statutes, unlike SEAC which was established in statute. Mr. Will asked if it is possible to add an advisory board to Prop 12 legislation. Mr. Halbert confirmed that industry can engage with the legislature to propose a change. Ms. Debbie Murdock added that CDFA can also propose legislation for the establishment of a board to ACP. Mr. Halbert confirmed that CDFA does have the ability to propose legislation.

Mr. Michael Gemperle asked how competitive BPS contracts are and if there would be challenges if ESQM attempted to reestablish a contract with them in the future. Mr. Abbott confirmed that cancelling the contract would impact BPS funding and staffing; they hire as needed, based on their current workloads, so ending the contract could result in loss of staff and revenue for them. Additionally, BPS is not obligated to accept a future contract with ESQM, if it does not meet their business needs.

Mr. John Bedell asked whether inspections would still be conducted at the border, if SEAC chose to end the contract. Mr. Abbott said BPS would still inspect other shipments at the border such as pest control, illegal produce, etc., but would not be obligated to check for illegal egg loads and SEFS compliance.

Mr. Hickman requested when the cutoff date was for submitting an approved budget. Ms. Penny Arana said it must be submitted before the beginning of the next fiscal year, which is July 1st, 2025, in addition, the contracts office must be given 6 to 9 weeks for processing any agreements. Mr. Hickman asked to amend his motion and rediscuss the budget when the Board can be provided with more data regarding border inspections and enforcement to evaluate the contract's value. Mr. Abbott confirmed that he can provide that information. Ms. Batarseh added that the deterrent value of BPS inspections cannot be measured directly. Mr. Mahrt added that it would be prudent to discuss Prop 12 inspections with Dr. Cox before coming to a decision. Ms. Batarseh agreed that it would be best to consult with ACP and stressed the importance of submitting an approved budget well in advance of the new fiscal year, at least 6 to 9 weeks.

Mr. Hickman revised his initial motion and proposed that the Board reconvenes in no more than 30 days to review BPS data and consult with ACP before coming to a decision on the BPS contract. Mr. Gemperle suggested that the topic be added to the next agenda for a special meeting.

Motion #3: Mr. Hickman amended the prior motion to cancel the ESQM contract with Border Stations and instead motioned to reassess the BPS contract at the next SEAC meeting. Mr. Will seconded the motion. The motion passed with one abstention by Mr. Bedell.

The Board reviewed the rest of the budget and inquired as to the increased salary costs for 2025/2026. Ms. Batarseh explained that several employee classifications received raises; Mr. Abbott added that some classifications had not negotiated a bargaining agreement in several years, but that the potential salary increases were forecasted in the 2024 budget meeting.

Mr. John Bedell asked how the funds saved from the BPS contract would be redirected if the contract was cancelled. Mr. Abbott said that once the budget amount was approved without the BPS contract amount, the overall budget amount would be reduced and added back into the reserves.

Motion #4: Mr. Will motioned to remove the BPS agreement and accept the rest of the budget as is. Mr. Hickman seconded the motion. The motion passed unanimously with no abstentions.

(4) **BOARD ELECTIONS**

Mr. Will proposed keeping the existing SEAC chair (Mr. Gemperle) and vice chair (Mr. Demler), respectively.

Motion #5: Mr. Will motioned to accept the election results. Mr. Mahrt seconded the motion. The motion passed unanimously with no abstentions.

(5) **PUBLIC COMMENTS**

No public comments

(6) **FUTURE AGENDA ITEMS**

Agenda Items:

- Proposition 12 Border Station Inspections
- Proposition 12 Advisory Board Discussion
- ESQM Budget Review and Approval

(7) **UPCOMING SEAC MEETING DATES**

The next Shell Egg Advisory Committee Meeting will be held on April 23rd, 2025 at 9:00 a.m.

(8) **ADJOURN**

Motion #6: Mr. Mahrt motioned to adjourn the meeting. Mr. Will seconded the motion. The motion passed unanimously with no abstentions.

The meeting was adjourned at 10:29 a.m.

Respectfully submitted:

Sedona Quiroz-Lopez