

**CALIFORNIA CITRUS PEST AND DISEASE PREVENTION DIVISION
FINANCE SUBCOMMITTEE MEETING**

Meeting Minutes
Tuesday, September 16, 2021

Opening:

The Finance Subcommittee webinar was called to order at 2:01 P.M. on September 16, 2021 by Subcommittee Chair Bob Felts, Jr.

Subcommittee Members Present:

Bob Felts, Jr.*	Etienne Rabe*	Dave Tomlinson*
James McFarlane*		

Subcommittee Absent:

Craig Armstrong

CDFA Staff and Guests:

Carl Baum*	Laura Irons*	Claudia Vazquez*
Karina Chu*	Sarah Kraft*	Jennifer Willems*
Alisha Garcia*	Alex Muñiz-Chavez*	Amelia Wright*
David Gutierrez*	Keith Okasaki*	Jason Wu*
Victoria Hornbaker*	David Phong*	

*Participated via webinar

Opening Comments

Finance Subcommittee Chairman, Bob Felts, Jr., welcomed Subcommittee members, guests and staff participating via webinar.

Macia's, Gini & O'Connell Progress Report

Alisha Garcia presented a progress update regarding work with Macias, Gini & O'Connell (MGO). Alisha stated, she is continuing to work with MGO on refining revenue tracking, and expenditure tracking to present financial displays to the Committee in future meetings. Alisha will be meeting with MGO to discuss an anticipated presentation at the full Committee Meeting scheduled for September 22, 2021.

Review of Fiscal Year 2021-22 Budget Proposal

Victoria Hornbaker presented the fiscal year (FY) 2021-22 proposed budget, noting the projected increase from the previous year by \$2,307,548. She reminded the Subcommittee that due to a projected \$54 billion deficit in the state budget, two furlough days per month were instituted for all state employees last year, reducing employee salaries by 9.23 percent. She explained that the state instead saw a windfall of \$71 billion of one-time funding, leading to the furlough days being rescinded with staffs' full salaries restored and 4.5-7.5 percent pay increases awarded in the July pay period. She further explained that the proposed budget of \$19,441,100 for personnel services reflects full staff salaries plus increases for all positions working a full twelve months, including current vacant positions yet to be filled. She noted that filling vacancies, especially

seasonal vacancies, has been difficult due to COVID and that she does not expect the total estimated budget for personnel services to be met. Carl Baum presented the total indirect and pro rata budget totals, noting that the budget office has not finished calculating the final total indirect numbers. He stated that the current total indirect estimate is \$3,245,053 with an estimated pro rata amount of \$1,950,611 and an estimated recovery of \$694,366, which reduces the total pro rata. Carl noted that the budget office has until mid-October to finalize these numbers with the Department of Finance and to provide final costs to programs. Victoria further emphasized that unclaimed gas tax offsets pro rata and that operating expenses, equipment, and contracts are analyzed for prior year trends in budget allocation. She also noted that it is difficult to project the number of staffing vacancies and that the aim is to fill those vacancies to increase speed of program activities. Bob inquired about a 46 percent increase in grove trapping expenditures. Victoria answered that the increase reflects new lease amounts and additional trap screeners for Sacramento and Visalia. Victoria also explained the increase in the outreach line item is due to the contract for the Office of Environmental Health Hazard Assessment being reassigned from the Plant Division to the Citrus Pest and Disease Prevention Division (CPDPD). Victoria added that the proposed budget also includes additional expenditures for the response to recent Huanglongbing finds in San Diego County.

Victoria presented the FY 2020-21 fund condition statement and noted that the FY has not yet closed in Financial Information System for California (FI\$Cal). She stated that there is a maximum fund balance forecast of \$41,912,858 for the end of 2021 with \$14,000,000 encumbered in contracts. If the encumbered funds are not spent, they will be restored to the fund balance. If the encumbered funds are spent, the fund balance will be reduced accordingly. She also noted there are \$17,394,000 in unapplied reimbursements yet to be billed to the Federal government. She presented the FY 2021-22 Crop Estimate and explained that with the assessment rate per carton set at \$0.08, the total revenue collected from growers is projected at \$15,104,000. She asked if the Subcommittee would like to adjust the projected number of cartons in the crop estimate. The Subcommittee estimated a crop of approximately 35 million cartons of mandarins, 19 million cartons of Valencias, 8.6 million cartons of grapefruit, 65 million cartons of navel oranges, and 48 million cartons of lemons, yielding an estimated revenue of \$12,306,000 at \$0.07 per carton, \$14,064,000 at \$0.08 per carton, or \$15,822,000 at \$0.09 per carton.

Motion: To recommend that the full Committee approve the FY 2021-22 proposed budget as presented.

First: James McFarlane

Second: Dave Tomlinson

Motion Carries: 4 Yeas (Bob Felts Jr., James McFarlane Dr. Etienne Rabe, and Dave Tomlinson).

Motion: To recommend to the full Committee setting the assessment rate per carton to \$0.07 for FY 2021-22.

First: Dr. Etienne Rabe

Second: James McFarlane

Motion Carries: 4 Yeas (Bob Felts Jr., James McFarlane Dr. Etienne Rabe, and Dave Tomlinson).

Review Fiscal Year 2020-21 Budget

Alisha Garcia presented the FY 2020-21 budget expenditures, noting that they have increased since the previous month by approximately \$4,900,000 to a total of \$26,314,959. She noted that financial services will close July and August in FISCAL once they have finished closing FY 2020-21. Alisha also explained that the increase in expenditures is due to invoices from counties and staff salaries and benefits for August and September. James McFarlane inquired about the expenditures for Asian citrus psyllid (ACP) management in Central District. Victoria explained that Central District purchases yellow panel traps for all ACP related work performed by CPDPD. Jennifer Willems added that when CPDPD was first established as an independent division from Plant Division, CPDPD was to supply all ACP traps to multiple divisions of CDFA, grove trappers, and all entities that may need them. Because the bid process takes time, Central District ordered an estimated number of traps and trap hangers to cover all of FY 2020-21. James inquired if the expenditures allocated to ACP management for Central District may be reallocated to the other expenditure buckets. Victoria suggested the possibility of splitting future trap orders between the CPDPD districts.

Review FY 2020-21 Revenue

Alisha presented the FY 2020-21 revenue, noting that total revenue has increased by approximately \$797,000, in August CPDPD received \$754,951 in revenue, which is slightly above the \$733,000 average of the past three years. As of September 16, 2021, revenue is at \$35,842 for the month of September, bringing the annual total to \$14,733,703.43. The annual total is \$2,000,000 below the average of the past three years. Bob noted that the decrease in revenue may be due to the decreased assessment rate and dropped fruit, which is not processed by a packing house and will not be recorded may impact revenues.

Other Items

Carl Baum announced that new CPDPD staff member Jason Wu has filled the previously vacant Financial Analyst position.

The meeting was adjourned at 3:09 P.M. The next Finance Subcommittee meeting will be held on November 2, 2021 at 9:00 A.M.