

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

Meeting Minutes  
Friday, June 23, 2023

**Opening:**

The Finance Subcommittee webinar was called to order at 1:00 P.M. on June 23, 2023, by Subcommittee Chair Bob Felts, Jr.

**Subcommittee Members Present:**

Bob Felts, Jr.*	John Gless, Sr.*	Dave Tomlinson*
Keith Watkins*		

**Subcommittee Members Absent:**

James McFarlane*	Jared Plumlee*
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**CDFA Staff and Guests:**

Carl Baum*	Jasmin Lopez*	Michael Soltero*
Alisha Garcia*	Mark McBroom*	ThuyVy Truong*
David Gutierrez*	Alex Muniz*	Jason Wu*
Victoria Hornbaker*	Keith Okasaki*	Sandra Zwaal*
Anmol Joshi*	Cressida Silvers*	

\*Participated via webinar

**Opening Comments**

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

**2022-23 Budget and Expenditures**

Jason Wu presented the Citrus Pest and Disease Prevention Division (CPDPD) Fiscal Year (FY) 2022-23 approved budget and expenditures. There has been no change in expenditures. Two columns have been added to the financial display to reflect monthly changes in encumbrances and the year-to-date encumbrance total. Victoria Hornbaker explained that encumbrances are the obligation for payments of contracts that have been executed. Encumbrances can either be realized into actual expenditures or they can be disencumbered, which decreases the total obligation. In March 2023, \$6,066,091 was disencumbered bringing the year-to-date encumbrance total to \$14,793,778. In April 2023, \$4,036,571 was disencumbered bringing the year-to-date encumbrance total to \$10,757,207. Bob asked about the \$1,000,000 that was taken out of the Administration budget. Jason replied that this reflected reallocation of costs from the Administration budget into the correct line items. Bob inquired about why prior year-to-date expenditures can change on the display. Carl Baum answered that once a FY closes, the encumbrances attached to it are capped and cannot be increased. This means that it is possible for CPDPD to incur expenses in the prior year, however those expenses cannot exceed the total encumbrances for that FY.

## **Review Fiscal Year 2023/2024 Budget Proposal**

Victoria presented the FY 2023-24 proposed budget, starting on July 1, 2023. The total proposed budget amounts to \$49,722,342. Treatment contract costs have increased by more than double. Carl explained that for previous years, the indirect budget has been estimated. However, since the budget is now aligned with the state FY, CPDPD was able to use actuals to calculate the indirect budget.

Bob asked for potential reductions to the proposed budget. Victoria clarified that this proposed budget has been calculated on the basis that CPDPD is fully staffed but the current vacancies account for \$1.2 million of the proposed budget. Cutting out seasonal positions could save an additional \$1.4 million. The area-wide treatment budgets could be revised as there has been a lack of participation. Another category for reductions could be border treatment. Victoria explained that border activities are usually reciprocated between CPDPD and Mexico. However, Mexico has recently changed their approach on their side of the border, overall decreasing the resources and expenses for their border activities. John Gless, Sr. mentioned that the Grower Liaison program within the outreach budget could be reevaluated.

Victoria suggested that the Sweet Orange Scab and Citrus Yellow Vein Clearing Virus budgets can be absorbed into the risk survey and regulatory budgets since they do not have any treatment aspect to them. The Clean Citrus Program is a new program that was transferred from the Plant Division's Pest Exclusion Branch to the Citrus Division. The cost of the program is offset by the fees that nurseries pay to be in the program. Keith Okasaki explained that anyone who produces citrus from source material in California is required to participate in this program. The fees cover many categories that include infections, mother and/or seed tree tests, and square footage of structures. Keith stated that these fees should account for majority of the budgeted costs.

A revised budget with potential reductions and impacts will be prepared for the Full Committee meeting on June 28<sup>th</sup>.

## **Other Business**

### **Assessment Rate**

The subcommittee members acknowledged the likely increase in the assessment rate for the upcoming season.

### **Fund Condition Statement Update**

Carl presented a timeline showing Agriculture Fund (Ag Fund) expenditures and revenues for CPDPD since FY 2018-19. Expenditures have risen each year due to the natural growth of the program as well as increased detections and treatments. Total revenue has decreased each year due to lowering the assessment rate in FY 2020-21 and FY 2021-22. Total Ag Fund costs in FY 2018-19 were \$3,050,237.41 and the following FYs recorded \$14,505,808.35, \$19,127,769.86, and \$23,617,239.03, respectively. This shows that a large credit was applied to the Ag Fund in FY 2018-19, which is likely the \$10 million credit.

Carl presented the current Fund Condition Statement (FCS) with updated numbers for FY2021-22 from the Budget Office. FY2022-23 is not closed yet so the figures presented are calculated estimates and are subject to change. As of the day of this meeting, the federal agreement has not been executed by the United States Department of Agriculture (USDA). CPDPD has submitted the necessary documents for processing and is waiting for the execution of the agreement to begin billing for it. CPDPD has received an additional \$1.3 million from USDA and can expect a total of \$13,444,301 in funding for FY2023-24. Due to CPDPD's persistence with contractors and vendors to get invoices processed, the prior year encumbrances are negligible and CPDPD should not expect to see any significant increase in prior year expenditures.

The meeting was adjourned at 2:06 P.M. The next Finance Subcommittee meeting will be held on August 1, 2023, at 2:00 P.M.