

## CPDPC Executive Committee Conference Call

August 20, 2014 Minutes

The meeting was called to order by Nick Hill at 8:05 a.m. on August 20, 2014. The following were in attendance:

### Committee Members

Nick Hill\*  
Kevin Severns\*  
James McFarlane\*

### Other Attendees

Jim Bates\*  
Jason Chan  
Victoria Hornbaker  
Debby Tanouye

\*Participated via telephone

### Review Draft 2014/2015 Budget Projections

#### CPDPC Budget

The draft CPCPC budget was presented to the Executive Committee for review. It was noted that the current budget projection for 2014/2015 is \$14,523,967, which is an increase of \$1,924,119 over last fiscal year's budget of \$12,599,848. The increases are mainly due to increased ACP finds in new areas. The Program has tried to budget with the baseline being a similar number of new ACP finds, keeping in mind that funds not expended (less finds than budgeted for) will be reverted to the program reserve. Several items were noteworthy, Imperial County Grant has been merged with the Area Wide Treatment Coordinators budget and an additional coordinator position is being added for San Diego County.

- Summary: \$489,824 increase in CPDPC to move biocontrol and Hacienda Heights HLB Survey from CHRP to CPDPC budget.
- CRB Operations official budget is pending.

#### CHRP Budgets

The draft CHRP budget was presented to the Executive Committee for review. The total projection for 2014/2015 is \$10,253,999; however the USDA has stated that the 2014/2015 funding will remain at \$9,624,859; which is the same level as 2013/2014. This gives an overage of \$629,140. CDFA proposed two scenarios for the Committee to consider:

1. Reduce the level of spending and activities proposed in the CHRP budget to the \$9,624,859 amount.
2. Move projected expenditures from the CHRP budget to the CPDPC Budget to get the CHRP budget to \$9,624,859.

The group discussed which items would be appropriate to move off of the CHRP budget and determined that biocontrol and Hacienda Heights HLB Survey would be appropriate expenses for the Committee include under the assessment funds. The Executive committee approved moving the projection of CHRP Biocontrol, \$372,596, and HLB Hacienda Heights Survey of \$256,544 (partial of the total \$329K projection) under CPDPC. The revised budget projections will be presented to the full Committee on September 3, 2014 for consideration.

- Summary: Total of \$629,140 taken out from CHRP, but only a \$489,824 increase in CPDPC (this is due to removal of federal indirect of \$89,391 from biocontrol and \$49,925 from HLB HH)

#### Other Budgets

The Citrus Commodity Survey and the TASC grant budgets will also be presented to the Committee for review.

### Draft Revenue Projection

It was noted that the September Committee meeting is earlier in the month than normal which has made projection revenues more difficult. The normal procedure is that the California Ag Statistics service annual crop projection, published mid-September is used as a basis for the projected revenue, but it is adjusted after conferring with Industry. This year the National Ag Statistics Services 2013 State Ag Review was used for a basis of 186,000,000 cartons for 2014/2015, but that information will be adjusted to account for the drought after consulting with Industry.

- The Committee will need to decide on assessment rate based on:
  - Current year projected ending balance (carry over).
  - Next year's expenditure projections + adjustments.
  - Projected total number of citrus cartons for next year.
- The current rate is 0.08 cents/carton, but the Committee may decide to raise it to the maximum of 0.09 cents/carton.
- Worst case scenario, the Committee can use reserve balance, as they have \$18,000,000 in spending authority for the 2014/2015 fiscal year.
- Using reserve funds would require Committee and Secretary approval.

### Assessment Collection

Inspection Services currently collects the CPDPC assessments along with Standardization and other citrus assessments. They will be moving to an online assessment collection system which will allow credit card payments. This switch will occur by **January 1, 2015**. If we agree to switch to the new program, increased fees of 2-3% will be applied per credit card payment and the fees must be paid via CDFR funds. The Committee has two options to consider:

1. The Program continues to pay Inspection Services to collect the assessments and also pays all fees associated with credit card payments.
2. The Program hires staff to conduct the assessment collection and tracking.

If we do not agree to switch, we must develop and maintain our own assessment collection and reporting system. This will cost at least \$45,000 (*probably more because we do not have an established system in place already like inspection services, exact amount is unknown*). The Executive Committee does not think that most people will be using the credit card option if available anyways. The Consensus was that the Committee should not move to the new system, due to the overall increased costs, but the Executive Committee would like the issue presented the full Committee on September 3, 2014.

- Note: Within the new system, using credit card to pay is optional, however the more it is used, the more CDFR has to pay; a worst case scenario would be approximately \$500,000 in fees.

#### Advantages of Moving to the New System:

- More timely payments.
- Maintain relationship and services with an established system (inspection services).
- Maintain singular invoice for assessment collection.
- Credit card is an option (gives more flexibility).

#### Disadvantages of Moving to the New System:

- CDFR is subject to pay credit card fee when used.

#### Disadvantages of **Not** Moving to the New System:

- The need to develop and maintain a separate system.
- Separate invoice for citrus assessments.
- No credit card option.