

FINDINGS AND CONCLUSIONS OF THE DIRECTOR OF THE CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE UPON THE POOLING PLAN, AS AMENDED, FOR MARKET MILK FOR THE CENTRAL COAST COUNTIES, DEL NORTE-HUMBOLDT, NORTH VALLEY, REDWOOD, SISKIYOU, SOUTH VALLEY, AND SOUTHERN CALIFORNIA MARKETING AREAS

WHEREAS, a public hearing for the purpose of considering amending the existing Pooling Plan for Market Milk for the Central Coast Counties, Del Norte-Humboldt, North Valley, Redwood, Siskiyou, South Valley, and Southern California Marketing Areas was duly and regularly called and held in Sacramento, California, on October 5, 1979; and

WHEREAS, pursuant to the provisions of Chapter 3, Part 3, Division 21 of the Food and Agricultural Code, full and proper notice of said hearing was regularly given by mail in accordance with the provisions of Section 61994 of said Code, to all producers, producer-handlers, and handlers of record with the California Department of Food and Agriculture, who may be subject to the provisions of the Pooling Plan for Market Milk for said Marketing Areas; and

WHEREAS, said hearing was called by the Director in response to requests from representatives of the dairy industry; and

WHEREAS, at said hearing, all persons were afforded an opportunity to be heard and testimony and evidence, both oral and documentary, were offered and received; and

WHEREAS, current location differential groupings contained in Schedule 2 of Section 905 of the Pooling Plan for Market Milk do not tend to offer sufficient incentive for effective movement of market milk to certain regions where needed; and

WHEREAS, as set forth with more particularity in the administrative record of the proceedings herein, evidence at said hearing, and as supplemented in the record thereafter, disclosed that, and it is hereby found and concluded that:

1. San Mateo County be removed from the grouping of counties in said Schedule 2 in which it is currently included so that milk processing plants in San Mateo County will have the same +\$.085 location differential as applies to plants in San Francisco and Alameda Counties.

WHEREAS, the Director hereby adopts the concurrent Economic Basis for Findings and Conclusions on Material Issues;

NOW, THEREFORE, after due deliberation upon the full consideration of the facts and evidence adduced, the Director of the California Department of Food and Agriculture hereby finds that the Pooling Plan now in effect in said Marketing Areas is no longer in conformity with the standards prescribed in said Chapter 3, and that the same will not tend to effectuate the purposes of said Chapter 3 without amending said Plan, and that amendments to said Pooling Plan for Market Milk for said Marketing Areas are proper and necessary in order that said Plan shall continue to conform with the standards prescribed in, and shall continue to tend to effectuate the purposes of said Chapter 3; and

The Director of the California Department of Food and Agriculture hereby finds that amendments to the Pooling Plan for Market Milk for said Marketing Areas, and each and every part of said amendments to said Plan, identified as Pooling Plan Order Number Thirty-One (31) is necessary to accomplish the purposes of Chapter 3 and hereby determines that said Plan, as Amended, will tend to accomplish the purposes of Chapter 3 within the standards therein prescribed.

All testimony and items of evidence submitted by all parties to these proceedings, whether or not specifically mentioned herein, have been considered in rendering these findings and conclusions.

R. E. Rominger
Director of Food and Agriculture

By *Richard E. Gassman*

R. E. Gassman, Senior Agricultural Economist
Bureau of Milk Stabilization

E. A. Carpenter

E. A. Carpenter, Staff Supervisor
Bureau of Milk Pooling

Date 10/16/79

ECONOMIC BASIS FOR FINDINGS AND CONCLUSIONS ON MATERIAL ISSUES PRESENTED FOR
CONSIDERATION FOR AMENDMENT OF THE POOLING PLAN, AS AMENDED, FOR THE
CENTRAL COAST COUNTIES, DEL NORTE-HUMBOLDT, NORTH VALLEY, REDWOOD,
SISKIYOU, SOUTH VALLEY, AND SOUTHERN CALIFORNIA MARKETING AREAS

The following basis for findings and conclusions are based on material issues raised at a public hearing held in Sacramento on October 5, 1979.

The hearing was called by the Director in order to receive testimony and evidence for the purpose of amending the currently effective Pooling Plan for all milk marketing areas of the State.

At issue was the effectiveness of the current location differential groupings in assuring the movement of an adequate supply of market milk from ranch locations for Class 1 uses to processing plants located in the Bay Area.

Specifically, consideration was given to removing San Mateo County from the grouping of counties in Schedule 2, Section 905 of the Pooling Plan in which it is currently included with a zero location differential. This would move San Mateo County to the grouping of other Bay Area counties in Schedule 2 and allow milk processing plants there to have the same +\$.085 per hundredweight location differential as other Bay Area plants.

Four witnesses testified at the hearing, two on behalf of the Dairy Institute which petitioned for the hearing, one representing Foremost Foods and one representing Consolidated Milk Producers. All four witnesses testified in favor of the amendment. No opposition testimony or evidence was offered.

Prior to August 1978, plants located in San Mateo, San Francisco and Alameda Counties all had a zero location differential. Effective August 1, 1978, the location differential applying to plants in San Francisco and Alameda Counties was changed to +\$.045 and to +\$.085 effective October 1, 1979. The location differential applying to plants in the grouping of counties including San Mateo County was left at zero, however.

San Mateo County is currently in the grouping which includes Santa Clara, Santa Cruz, San Benito and Monterey Counties. When the changes were made, it was intended that plants in this group of counties from zero to 100 constructive miles from the San Francisco basing point continue to have a zero location differential. Apparently, no one presenting testimony or evidence at the previous hearings realized that there were any plants in San Mateo County close to the San Francisco County line which of course would have a zero location differential. It appears that everyone thought all of the plants in the general area were in San Francisco County.

There are two milk processing plants in San Mateo County, both located in the city of South San Francisco. One serves as a balancing plant for a bottling plant in Alameda County and receives milk directly from producers under contract to the bottling plant on days when bottling demand is less than normal deliveries. This South San Francisco plant manufactures frozen products and also condenses skim milk which is transferred to the bottling plant for fortification of lowfat milk and standardization of whole milk. The other is a small butter plant which does not receive milk directly from producers.

Producers delivering milk to the plant in South San Francisco just a few miles from San Francisco receive \$.085 per hundredweight less for their quota milk than producers delivering milk to plants in San Francisco and Alameda Counties. Several other bottling plants in the Bay Area have ice cream plants located in the +\$.085 location differential zone. Producers delivering milk to these ice cream plants receive the +\$.085 location differential.

The best way to remedy this inequity would be to remove San Mateo County from the grouping of counties on Schedule 2 in which it is currently included. This would automatically include plants in San Mateo County in the grouping on Schedule 2 of all other plants subject to Metropolitan Zone 101. Plants in San Mateo, San Francisco and Alameda Counties would then all have the same +\$.085 location differential. Schedule 2 of the Pooling Plan should be amended to accomplish this with a November 1, 1979, effective date.

R. E. Rominger
Director of Food and Agriculture

by *Richard E. Gassman*

R. E. Gassman, Senior Agricultural Economist
Bureau of Milk Stabilization

E. A. Carpenter

E. A. Carpenter, Staff Supervisor
Bureau of Milk Pooling

Date 10/16/79