CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE
A. G. Kawamura, Secretary

April 30, 2010

TO: SHELL EGG ADVISORY COMMITTEE
ALL INTERESTED PARTIES

A meeting of the Shell Egg Advisory Committee (SEAC) has been scheduled. Enclosed are the agenda and meeting minutes from February 17, 2010 committee meeting. Please review them for discussion and approval at the meeting. The meeting materials will be mailed under a separate cover.

When: Tuesday, May 25, 2010
10:30 a.m. – 12:30 p.m.

Where: Norco Ranch
1811 Mountain Avenue
Norco, CA 92860
(909) 816-1980

Notification of committee meetings and their agendas can be found via the Internet by accessing the following website address: www.cdfa.ca.gov/is/publicmeetings.htm.

If you have any questions, please call me at the number below.

Sincerely,

Anthony S. Herrera, Program Supervisor
Feed, Fertilizer, Livestock Drugs, and Egg Regulatory Services
Inspection Services

Enclosures

cc: Rick Jensen
Asif A. Maan
Kristin Macey

TENTATIVE

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
Shell Egg Advisory Committee

Norco Ranch
1811 Mountain Avenue
Norco, CA 92860

May 25, 2010
10:30 a.m. – 12:30 p.m.

Michael Sencer, Chairman

Wayne Winslow, Member
Gary Foster, Member
Kelly Luth, Member
Richard Jenkins, Alternate
Robert Atkins, CACASA Representative

Steve Mahrt Member
David Will, Member
Nancy Sullivan, Public Member
Alan Armstrong, Alternate

1. Introductions & Announcements – Michael Sencer

2. Minutes of the last Committee meeting* - Michael Sencer

3. Department / Division / Branch Update - Asif Maan

4. Re-grading & Re-packing Definitions – Tony Herrera

5. Comparables of Fees & Assessments from Other - Tony Herrera
   Egg Producing States

6. "Draft" Annual Registration & Fee – Tony Herrera

7. Wire basket Registered Brand List - Tony Herrera

8. SEAC List and Term Expirations – Tony Herrera

9. Additional Items / Next Meeting* - Michael Sencer

DRAFT

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
SHELL EGG ADVISORY COMMITTEE
Napa, CA
February 17, 2010

MINUTES

MEMBERS
Wayne Winslow, Vice Chairman
Gary Foster
Kelly Luth
Steve Mahrt
David Will

CDFA
Natalie Krout-Greenberg
Lisa Gonzalez
Tony Herrera
Stacey Hughes
Irene Vera

INTERESTED PARTIES
Gerald Brockman-USDA
Joseph Gray-Sonoma County
Debbie Murdock- Pacific Egg & Poultry Association
Mark Perigen, USDA
Arnie Riebli-Sunrise Farms
Neal Rye-Hidden Villa Ranch

CALL TO ORDER

Vice Chairman Wayne Winslow called the Shell Egg Advisory Committee (SEAC) meeting to order and a quorum was established at 12:35 p.m. Mr. Michael Sencer (voting member), Ms. Nancy Sullivan (voting member), Mr. Richard Jenkins (alternate), Mr. Alan Armstrong (alternate) and Mr. Robert Atkins (non-voting) were not present at the meeting.

APPROVAL OF MINUTES

Mr. Winslow asked the Committee to review the minutes of the June 30, 2009 meeting.

MOTION: A motion was made by Mr. Gary Foster to accept the minutes as presented. Mr. Kelly Luth seconded the motion. Motion passed unanimously.

DEPARTMENT, DIVISION, AND BRANCH ANNOUNCEMENTS

Dr. Asif Maan was unable to attend the meeting, therefore, Ms. Natalie Krout-Greenberg reported on his behalf. She gave an update on the division and stated Mr. Nate Dechoretz has taken a position as Deputy Secretary with California Department of Food and Agriculture (CDFA). She also stated while he is in that position they are not filling his director position at this time. The department plans to rotate Inspection Services Branch Chiefs for four month intervals, before selecting a successor to Mr. Dechoretz.

Ms. Krout-Greenberg also stated that mandated furloughs will continue, through June 2010.

Ms. Krout-Greenberg also gave an update on the branch and stated that the branch is currently working on revamping the Feed, Fertilizer, Livestock Drugs, and Egg Regulatory Services (FFLDERS) database so that the industry can access it via the web. Once the FFLDERS database in complete, the branch will begin working on the Egg Quality Control Program (EQCP) database.

FUND CONDITION

Mr. Anthony Herrera presented the Financial Summary for the EQCP, and directed the SEAC to the Fund Condition Report. He noted that when the EQCP approved their budget for FY 09/10 and FY 10/11, the program had a reserve of $1,149,127.00. Due to the concerns about the large reserve, SEAC in their June 30, 2009 meeting decided to reduce the program reserve. On September 30, 2009, the egg assessment fee was reduced from $0.045 to $0.005. The $0.005 egg assessment fee rate will be in effect until June 30, 2010.

The Fund Condition Report shows a balance of $1,149,127.00 as of December 31, 2009 and a projected balance of $624,268.00 as of June 30, 2010.

Mr. Herrera directed the SEAC to the Egg Assessment Fee Summary and Projections Report. The EQCP is projecting a revenue of $1,100,000.00 for FY 10/11, which includes the egg assessment fee return to $0.045, reimbursement from USDA, and any other miscellaneous revenue. EQCP projected funds available for FY 10/11 is approximately $1,724,268.00. The SEAC has approved a budget for FY 10/11 of $1,135,671.00. The projected ending balance at the end of FY 10/11 is $588,597.00. Therefore, EQCP would meet the 50% reserve and can reset the egg assessment fee back to $0.045 starting July 1, 2010.

MOTION: A motion was made by Mr. Gary Foster to reset the egg assessment fee to $0.045 starting July 1, 2010. Mr. Steve Mahrt seconded the motion. Motion passed unanimously

"DRAFT" ANNUAL REGISTRATION

Mr. Herrera stated at the last committee meeting he proposed an annual registration and annual registration fee for all egg handlers. Mr. Herrera proposed a two tier system for registration. The first tier could be for small egg producers with 500 hens or less with a registration fee not to exceed $50.00. The second tier could be for all other egg handlers with a registration fee not to exceed $100.00. A portion of the registration fees collected from the registrants could go towards paying for auditing registrant's information. Mr. Herrera stated that the program is developing language for the regulation.

Mr. Winslow recommended that the SEAC review the regulation language and be prepared to discuss it at the next SEAC meeting.

MOTION: A motion was made by Mr. David Will to schedule a meeting to discuss the annual registration language and either adopt or make amendments to the language at that time. Mr. Gary Foster seconded the motion. Motion passed unanimously.

WIRE BASKET REGISTERED BRAND LIST

Mr. Herrera presented the updated Wire Basket Registered Brand List. He asked the SEAC members to review the list and submit any changes to the EQCP at the next SEAC meeting.

PROGRAM UPDATES

Mr. Herrera informed the SEAC about the four upcoming EQCP workshops that will cover laws and regulations for the state inspection program. The workshops will be held on April 7th at San Joaquin County Ag office, April 14th at Fresno County Ag office, April 20th at San Bernardino County Ag office, and April 22nd at Los Angeles County Ag office. The EQCP will be holding separate workshops for the federal shell egg surveillance in May. A final date will be announced at a later time.

Ms. Krout-Greenberg updated the SEAC on the changing and possible reclassification of positions within the branch. She stated the FFLDERS branch currently has 14 inspectors and investigators who cover the state for feed and fertilizer inspections. Opportunities may arise to utilize these resources and investigators from the FFLDERS to provide additional oversight where the EQCP needs to provide better coverage. The branch is looking into the possibility of reclassifying the district supervisors to a special investigator classification.

ADDITIONAL ITEMS

Labeling Requirements for Repacking Graded Shell Eggs

Mr. Gary Foster brought to the SEAC attention a letter from the EQCP regarding Labeling Requirements for Repacking Graded Shell Eggs that was sent out at the beginning of February 2009. The letter addressed the issue pertaining to graded shell eggs repacked as over-wrap shell eggs and how they must maintain the original lot information including the original Julian pack by date and sell by date. The only time the original Julian pack date and sell by date may be changed is when the shell eggs are re-graded. Re-grading shell eggs is interpreted as removing the eggs from the container and reprocessing them, which entails cleaning, re-candling, and re-sizing. Mr. Winslow stated that the issue with the letter is the interpretation of the term "re-grading".

Mr. Herrera acknowledged the SEAC concerns regarding the letter and stated he will send a second letter to the industry clarifying that the SEAC is working with the EQCP to draft regulation language that defines "repacked" and "re-graded" shell eggs.

The letter will also state that defining these terms will bring uniformity and a clearer understanding of how code dates and plant numbers are applied to out-of-state shell eggs intended for over-wrap at in-state packing facilities.

AB 1437

Mr. Herrera provided SEAC with an update regarding AB 1437. Mr. Herrera stated several weeks ago CDFA met with Assemblyman Huffman who is sponsoring AB 1437.

AB 1437 is in response to proposition 2, which covers animal welfare. AB 1437 is proposing that all shell eggs produced in and out of states being sold in California meet animal welfare standards. Senator Huffman is asking for recommendation from CDFA on ways to support this bill. Mr. Herrera proposed that the EQCP could enforce a labeling statement indicating how the eggs were produced.

The label statement would be applied to the carton of eggs stating it meets animal welfare standards. Currently the egg handler registration forms ask each applicant whether their eggs are organic, free range or cage free. With expanded labeling statement requirements in place, the EQCP would have the authority to go in and out of states to audit registrants' compliance to the animal welfare carton statement.

Committee Terms and Expiration Dates

Mr. Herrera directed the SEAC to the Committee Members Term List and stated due to retirements and SEAC members resigning, all the SEAC member's terms expire in the same year. Mr. Herrera is asking for SEAC members to volunteer to have their terms expire in 2010 after two years, versus 2011 after three years.

The SEAC decided they would leave it up to the EQCP to choose three members and reduce their terms from 3 years to 2 years and set their terms to expire September 2010.

NEXT MEETING

The next SEAC budget subcommittee meeting will be held in June or July to go over the FY 11/12 budget. The exact date, location and time will be determined at a later time.

The next SEAC meeting date and time has not been determined yet, it will be announced at a later time.

ADJOURN

MOTION: A motion was made by Mr. Gary Foster adjourn the meeting. Mr. Steve Mahrt seconded the motion. The motion passed unanimously. The meeting was adjourned at 12:28 p.m.

Respectfully submitted by:

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Anthony S. Herrera, Program Supervisor Date
Egg Quality Control Program
Feed, Fertilizer, Livestock Drugs and Egg Regulatory Services
Inspection Services