

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
FERTILIZER INSPECTION ADVISORY BOARD MEETING
Sacramento, California
June 15, 2007**

MINUTES

MEMBERS

John Salmonson
Thomas Beardsley
John Peterson
Steve Spangler

CDFA

Nate Dechoretz
Asif A. Maan
Kent Kitade
Dale Rice
Suzanne Turcotte
Nirmal Saini
Stan Kobata
Davood Ghods
Reina Laroa
Carolee Riley
Joanna Danquah
Kelsey Olson
Rick Jensen

INTERESTED PARTIES

Renee Pinel – Western Plant
Health Association
Maryam Khosravifard –
Department of Pesticide
Regulation
Steve Beckley – S. Beckley
& Associates
Ken Nelson – Port Organic
Products
Isaac Nelson – Port Organic
Products
Doug Graham – New Era
Farm Service
Jake Evans – True Organic
Products

CALL TO ORDER

Chairman John Salmonson called the meeting to order at 9:00 a.m. A quorum was not established due to a lack of board members at the meeting. The following board members were not present: Brad Baltzer, Bob Duckworth, David McEuen, Tim McGahey and Sanford Simon.

INTRODUCTIONS AND ANNOUNCEMENTS

Mr. Salmonson welcomed everyone to the meeting. Self-introductions were made. Mr. Salmonson announced that the meeting would be informational only, since no motions could be passed without a quorum. A Fertilizer Advisory Board conference call will be scheduled in July for items on the agenda that require action. Branch Chief Asif Maan advised 10 days notice is still required for a teleconference meeting.

APPROVAL OF MINUTES

Mr. Salmonson referred the board to the meeting minutes for January 19, 2007, enclosed in their meeting packets and advised approval would be determined at the future board teleconference.

DIVISION/BRANCH UPDATES

Division Director gave an update on the division. At the department level, Mr. George Gomes was appointed Undersecretary to replace Mr. A.J. Yates who has retired. Mr. Gomes was previously Administrator of the California Farm Bureau.

At the division level, the programs are still being reviewed for better ways to conduct business. The strategic planning process is being used to review some of the programs but not all, depending on what is necessary. For example, the laboratory has gone through reorganization, and other programs have changed their focus based on what has resulted from the strategic planning process.

Mr. Dechoretz announced that a major undertaking is taking place to bring the department's Information Technology (IT) group into the 21st Century. He informed the board that at his request, Agency Information Officer Davood Ghods agreed to be a guest speaker at the meeting to give a brief overview outlining the department's IT Plan, its current and future state. In addition to how the program can serve the industry in a more cost effective and efficient manner to provide better services.

Branch Chief Asif Maan gave an update on the branch. At the branch level, filling field vacancies is still a struggle because of having gone through the grant process, and having the new list of political candidates qualified to fill those vacancies. Dr. Maan welcomed Ms. Kelsey Olson back to work, who is working 25% at this time. He introduced and welcomed Ms. Carolee Riley, new to the Fertilizer Research and Education Program (FREP). She is currently a temporary employee, but going through the exam process to become a permanent employee with the program. Ms. Riley is a graduate from Humboldt University.

Dr. Maan introduced Mr. Ghods to give a PowerPoint presentation. Mr. Ghods informed the Board he joined CDFA's IT in September 2006. Per his recommendation at that time, the department hired the consultant, Gartner Group, to evaluate current IT practices across the department. Based on Gartner Group's 250-page report, the current state of CDFA IT was found to be decentralized and very reactive. Gartner Group's bottom line recommendation for 2007 is to begin centralizing IT, placing the following functions within IT: Portfolio Management Office; Project Management Office; Application Development; Enterprise Architecture; Support Services; and Account Management. Centralizing IT is a 3-5 year plan, going division by division. Mr Ghods concluded his presentation by sharing his vision for the future of CDFA: To become a service oriented, value organization, where customer service is the #1 goal of IT.

Mr. Ghods addressed personal industry concerns with the rapid loss of knowledgeable staff due to retirement. He stated that workforce and succession planning is not an issue specific to CDFA and the public sector. It is an issue that is happening

everywhere due to the retiring workforce. The State has various academies and succession planning sessions in place to ensure the leaders who are leaving are training the future leaders. CDFA has an Executive Leadership Program.

ORGANIC FERTILIZERS UPDATE

Chairman Salmonson gave an update on the last Organics meeting he, Ms. Lynn Georges (regulatory person); and Ms. Renee Pinel of Western Plant Health Association; attended with Organics Program Manager Mr. Ray Green from the Inspection and Compliance Branch. Over 100 people attended. The chairman stated after leaving the meeting they were, little to considerably, more confused than before. He stated the issues that Mr. Green brought up at the meeting probably typifies the industry at this point: rapidly growing; NOP program “the godfather of all” really hasn’t done anything; there’s some disconnect now between the certifying agencies and certification process. OMRI was always the agency we always looked forward to for registration and guidance, and seal of approval, which determined the product to be organic. Not the case according to NOP. OMRI is now just another process for registration, not certification of the product itself. Now, there is 7 or 8 licensed certifications, 22 certifiers in CA. Discussion ensued in regards to addressing issues with certification and confidentiality of organic products, and their formulas, in CA and state enforcement of corruption in the industry to protect the market. The chairman proposed to appoint a subcommittee to address the issues with having two sets of organics and delivery system of organic products; composed of dealers, and a basic fertilizer producer to meet with the organic people. Currently there are five (5) manufacturers in CA. Any organic that has a label is registered; they pay the same mill tax and get the same services.

Dr. Maan clarified only fertilizer labels listed on packaged materials in the State of CA is registered with the Department. Any package of bulk (over 110 pounds) is not required, by law, to be submitted for registration. The department does not provide inspections to distinguish if a product is organic while doing enforcement. Also, the way tonnage is set up and being reported now does not distinguish what products are organic. Unless, there is auditing being done.

Who’s the spokesman for the organic group? Get concensus. Semi-Chairman Doug? Headlines in media. What is organic? Marketing fertilizer. Mislabeled. Authority and enforce it. Conventional Manufacturers have united group. 15 O/S supportive or neutral, per Renee. Equal playing field, Chairman will appoint a subcommittee; have a meeting possibly 2nd week of July to communicate; department will also have some input.

REGULATORY/REGISTRATION ISSUES & UPDATES

Registration Specialist Suzanne Turcotte presented Attachment 5 and gave an update on registration issues. She explained there was an increasing backlog in May due to a significant increase in submissions in March and April; a license renewal deadline which entailed time consuming verification of improper applications/forms, the OT and Environmental Scientist vacancies, and increasing inquiries. She stated a "reasonably simple" registration to date would take approximately 90 days to complete. Dr. Maan confirmed that the board has authorized to fill one position to help with the registration desk. The program is aggressively recruiting to fill this vacancy with someone with a

chemistry background. However, there hasn't been much interest. Mr. Dechoretz advised if money is the issue, a mechanism now available is the Joint Powers Agreement. Ms. Turcotte informed the board that tracking of the number of organic products vs. inorganic products registered in the state began in September.

BUDGET FOR FY 2007/08

Mr. Kitade directed the board to Attachment #1 Fund Condition Fertilizer Inspection, as of April 30, 2007. Chairman Salmonson stated fund is in reasonably good condition, probably being driven by fertilizer prices going up. Mr. Steve Spangler forecasted a small dip, stating the potash and phosphate markets are getting stronger, the international markets are very strong, the incentives are buy now. Ms. Pinel requested a quick review of mil rate being collected by the program; Mr. Kitade confirmed 2 (for Fertilizer Inspection) and 1 are being collected.

Discussion ensued on guidelines and authority and board recommendation for amount allowed in bank account. Questions from Chairman and Ms. Pinel - Anticipate upward trend? Greater expenses? Sudden Increase? Out of Ordinary? IT cost increase? Per Nate, proportional, unless they look at charging programs for specific items based on reserves, then more would have to be paid compared to other programs but as of now, that is very rare but can't be guaranteed.

Questions on Approved Budget for data processing but spent only \$10,000. Inspect Database, updating, original database 1997, per Kent.

\$50,000/yr for 3 yr guideline can be modified, self imposed. Suggest max up to \$100,000, per Maryam. Nutrition for plants. FREP submission.

FREP UPDATE

Ms. Carolee Riley handed out the list of new submissions for FREP. Mr. Kitade stated Ms. Riley has done a really nice job getting the status report up to date again. She'll be in the process of contacting some of the researchers, writing final reports and visiting them to find out project status of contract. Mr. Kitade referred the board to a list of 15

task force approved proposals submitted to FREP this year. He asked the board to pay special attention to the Stuart Pettygrove proposal "Development of Certified Crop Adviser Specialty Certification and Continuing Education in Manure Management".

Discussion on FREP funding for credible comprehensive research of this project ensued. Mr. Kitade stated to the board he believes any issue that could arise in the future with the application of manure, would also draw attention to conventional fertilizers. The chairman stated co funding this project would be good public relations with the water board, but the dairy industry should also be informed of the contribution being made by FREP, and could contribute themselves as well. Chairman requested FREP to meet with Steve Shaeffer's shop to co fund project.

DISCLOSURE OF INGREDIENTS REGULATIONS UPDATE

Maryam Khosravifard reported that the first draft of the "Supported Language for the Disclosure of Ingredients" is done. The subcommittee has not had a chance to go into detail for the review of the language yet so no copy is available as of yet. A brief overview of the components of the proposed regulation ensued. Products that require registration would have to provide the disclosure as part of their application. Commercial use products that do not register can have the disclosure available for review. Ms. Khosravifard explained the importance of ingredients and has formulated a list of ingredients and terms that can be accessed and used for registration. Questions were presented about method and analysis, and specific ingredients? Ms. Khosravifard answered that exemptions can be made for cases that are especially intricate and/or complicated. Discussion about the process and of details of the disclosure ensued.

LABORATORY UPDATE

The Center for Analytical Chemistry (CAC) Supervisor Stan Kobata directed the Board to a handout that summarizes all the analysis and samples that have been done for the year 2006, 889 samples were presented and a goal of 1000 samples a year was expressed.

Mr. Kobata noted the CAC wanted to purchase a software analyzer for this fiscal year but there was no consensus on a good analyzer so it will be purchased in the future sometime along with an ICP. Dr. Maan confirmed that the money for the purchase of that equipment is built into the proposed budget

STRATEGIC PLANNING

Mr. Kitade presented the proposition that the entire advisory board and others from the industry totaling 15 people should be involved. Dr. Maan expressed that he feels it is a good idea to incorporate various views. Mr. Salmonson feels that outside opinions would be an asset to enable improvements within the structure.

ADDITIONAL ITEMS/NEXT MEETING

The next board meeting is scheduled for FIAB at 9:00 a.m. on September 27, 2007, in Fresno. A certificate of appreciation was presented to Maryam Khosravifard who will now be working on research authorizations for CPM.

BOARD VACANCIES

A vacancy is present and Tom Beardsley has requested to be reappointed for this position.

ADJOURNMENT

Meeting adjourned at 11:00 a.m.

Respectfully submitted by:

Asif A. Maan, Ph.D., Branch Chief
Feed, Fertilizer, and Livestock Drugs Regulatory Services
Inspection Services

Date