

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
SHIPPING POINT INSPECTION ADVISORY COMMITTEE MEETING
Meeting Minutes
May 19, 2008
Fresno, California**

MEMBERS

Louis Pandol, Chair
Steve Biswell
Monte Griffith
Blaine Carian
Randy Parnagian
Mike Montna
Maria Alvarado

CDFA

Rick Jensen
Vickie Baker
Ed Page
Steve Thomas
Brian Cote

INTERESTED PARTIES

Tony Souza, USDA
Marcy Martin, CG&TFL

ITEM 1: ROLL CALL

Roll was called and a quorum was established at 10:05 a.m.

ITEM 2: INTRODUCTIONS

Committee, CDFA, and visitor introductions were made.

ITEM 3: CHAIRPERSON NOMINATION/SELECTION

MOTION: Mr. Blaine Carian moved to nominate Mr. Louis Pandol as Committee Chairman and Mr. Steve Biswell as Committee Vice Chairman. Mr. Randy Parnagian seconded. The motion passed unanimously.

ITEM 4: APPROVAL OF THE JUNE 27, 2007 MINUTES

MOTION: Mr. Biswell moved to approve the June 27, 2007 Meeting Minutes as submitted. Mr. Parnagian seconded. The motion passed unanimously.

A copy of the June 27, 2007 Meeting Minutes are attached as EXHIBIT A.

ITEM 5: BRANCH/PROGRAM UPDATE

Mr. Rick Jensen provided the Branch and Program update. The Cooperative Agriculture Support Services Authority (CASS) is in effect and currently employing seasonal staff for the Shipping Point Inspection (SPI) Program. As a local public agency, CASS functions under a different set of operating procedures and significant cost savings can be expected in employment and overhead expenses. This will help the SPI Program deliver services in a more cost effective way to the agricultural

community. CDFA will retain technical oversight of both the SPI Program and the cooperative relationship with the United States Department of Agriculture (USDA).

Mr. Jensen provided an update on AB 2168 (Jones). The bill was originally drafted to provide assistance to farm stands and “u-pick” operations that were selling prepackaged food, i.e., bottled water and soft drinks. AB 2168 may impact standardization by changing the word “consumer” to “the public.” The original version of the bill has changed, however, there are significant issues because it may allow a farm stand to sell directly to the public, exempt from standardization. A lot of effort has been made to ensure that the bill does not disrupt current marketing channels and achieves its goal of bringing fresh agricultural products to underserved neighborhoods. SPI Advisory Committee members subsequently discussed issues related to AB 2168.

Ms. Vickie Baker announced that Mr. Ed Brown will take over the duties of Mr. Michael Davis. Mr. Brown is working in the Ceres, Stockton, West Sacramento, and Chico districts. CDFA is considering merging the West Sacramento and Stockton district offices to provide better services and limit costs. Mr. Ed Page is overseeing the Almond Program and has oversight of the offices from Kerman to San Diego, including the Oxnard and Santa Maria districts. Mr. Mario Cortez is now fully employed under the Standardization Program. Mr. Steve Thomas oversees the Food Safety Program, including the Imperial Valley, Brawley, Arizona, and Salinas districts. Ms. Baker announced that there are currently seven Alternate Member vacancies on the SPI Advisory Committee. Ms. Baker subsequently announced that CDFA is currently trying to look at the future of the SPI Program and develop strategic planning goals. Ms. Baker encouraged the Committee to provide feedback and suggestions for improving the SPI Program.

Mr. Page announced that he is taking over the Almond Program. According to Mr. Page, almonds had a perfect bloom and a record crop is anticipated. The March/April 2008 freeze may have significant effects on several crops, i.e., peaches, table grapes, and plums. Depending on the area, there was significant damage to table grapes and plums. The majority of the frost damage was in the Yuba City and Marysville Area. The cherry and apricot crops appear to have survived the freeze and healthy crops are anticipated.

ITEM 6: FOOD SAFETY PROGRAMS UPDATE

A. Leafy Greens

Mr. Thomas announced that CDFA is currently in its second year of the Leafy Green Marketing Agreement (LGMA). There are approximately 120 LGMA signatories, covering approximately 99 percent of the California leafy green industry. Approximately

five to ten auditors are providing inspections at any particular time. Mr. Thomas anticipates that 500 to 600 audits will be completed in 2008.

B. California Tomato Growers/GAP Program

The California Tomato Farmers' Cooperative began in 2007. Mr. Thomas anticipates that approximately 200 to 250 audits will be completed by the end of 2008. There are eight handlers in the cooperative that represent a substantial portion of the California fresh tomato industry.

The USDA Good Agricultural Practices (GAP) Program has increased by approximately 20 percent from 2007 to 2008. USDA has implemented an unannounced component to the auditing process. GAP Program participants will be subject to unannounced audits.

C. Country of Origin Labeling

Mr. Thomas explained that the Country of Origin Labeling (COOL) Program will go into effect on September 30, 2008. The COOL Program will include fresh produce, red meat, and some varieties of nuts in addition to other commodities currently under the purview of the program, i.e., fish and shellfish. The composition of the COOL Program remains tentative and will not be known until the late summer. Overall, food safety continues to make strides and the customers and buyers appear to be pleased with the progress.

Mr. Tony Souza explained that the USDA signed new cooperative agreements. The agreements have affected California with a half percent increase on all Shipping Point work and a four percent increase on market work. Mr. Souza provided an overview of the new USDA administrative and inspection fees. Recently, mandatory auditor requirements were implemented for the USDA Fresh Products Branch. The new requirements mandate auditors to attend audit theory training and processed auditor training.

ITEM 7: FINANCIAL REPORT

Ms. Baker presented the Committee with the financial report. The 2007/08 approved budget amounted to \$14,382,845 with \$13,300,853 in projected expenditures. CDFA proposed a spending authority of \$14,367,284 for fiscal year 2008/09.

Mr. Carian asked whether unemployment benefits will be lower in subsequent years. Mr. Jensen explained that by 2010/11, unemployment benefits should amount to approximately \$60,000, which is a significant reduction in expenditures. Most of the benefits with CASS will be realized in subsequent years due to unemployment

commitments. Mr. Jensen explained that federal overhead costs have increased by approximately \$85,000 from the previous fiscal year. Mr. Jensen does not foresee any evidence that would suggest that SPI Program expenditures will significantly increase from the previous fiscal year.

Mr. Jensen subsequently highlighted revenue, expense, and cash projections. In fiscal year 2007/08, billings are projected to be approximately \$14,000,000, with expenses at \$13,300,853. The cash balance is expected to be approximately \$1,545,701. Significant progress has been made in regards to the cash balance; however, a 25 percent reserve in the agricultural fund must be established.

MOTION: Mr. Blaine Carian moved to approve the fiscal year 2008/09 Shipping Point Inspection Program Proposed Budget as submitted. Mr. Monte Griffith seconded. The motion passed unanimously.

The 2007/08 Approved Budget, 2007/08 Projected Expenditures, and 2008/09 Proposed Budget are attached as EXHIBIT B, EXHIBIT C, EXHIBIT D, respectively.

ITEM 8: OTHER BUSINESS

Mr. Jensen explained that it is possible for the SPI Advisory Committee to utilize teleconferencing for subsequent meetings as long as the following conditions of the Bagley-Keene Act are met:

The "State Body", as defined in Government Code Sections 11120-11132 shall:

1. Issue a 10-day public notice (name of contact person/date/time)
2. Issue a specific agenda
3. Identify every location where members of the public can participate
4. Comply with the American Disabilities Act
5. Be audible and available to the public regarding teleconference meetings, and
6. Provide "public accessible" locations where SPI Advisory Committee members are participating from by teleconference

It was explained that each committee member must be present at one of the posted meeting locations. If the SPI Advisory Committee would like to utilize teleconferencing, the County Agricultural Commissioner offices would be an excellent venue to provide accessibility to both the public and SPI Advisory Committee Members.

ITEM 9: NEXT MEETING LOCATION/AGENDA ITEMS

The next meeting will be determined by necessity, or otherwise held in Fresno, CA during the spring 2009.

ITEM 10: ADJOURNMENT

The meeting was adjourned at 11:29 a.m.

Respectfully submitted by:

Vickie Baker, Program Supervisor
Shipping Point Inspection Program
Inspection and Compliance
Inspection Services

VB/bc

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURAL (CDFA)
SHIPPING POINT INSPECTION ADVISORY COMMITTEE MEETING
Meeting Minutes
June 27, 2007
Fresno, California**

MEMBERS

Louis Pandol, Chair
Steve Biswell
Melvin Enns
Monte Griffith
Blaine Carian
Dennis Parnagian
Jim Jasper

CDFA

Nate Dechoretz
Rick Jensen
Michael Davis
Vickie Baker
Ed Page
Steve Thomas
Susan Shelton

INTERESTED PARTIES

Tony Souza, USDA
Gary Van Sickle, CTFA
Marcy Martin, CG&TFL

ITEM 1: ROLL CALL

Roll was called and a quorum was established at 10:00 a.m.

ITEM 2: INTRODUCTIONS – RICK JENSEN

Committee, CDFA, and visitor introductions were made.

ITEM 3: APPROVAL OF THE JUNE 23, 2006 MINUTES

MOTION: Mr. Dennis Parnagian moved to approve the minutes as submitted. Mr. Monte Griffith seconded. The motion passed unanimously.

ITEM 4: CHAIRPERSON NOMINATION/SELECTION

MOTION: Mr. Parnagian moved to nominate Mr. Louis Pandol as Committee Chairman. Mr. Blaine Carian seconded. The motion passed unanimously.

MOTION: Mr. Parnagian moved to nominate Mr. Steve Biswell as Committee Vice-Chairman. Mr. Griffith seconded. The motion passed unanimously.

ITEM 5: USDA UPDATE – TONY SOUZA

Mr. Tony Souza reported on recent organization changes in USDA's Fresh Products Branch (FPB). FPB also:

- Is in the process of conducting a Sampling Rate Study with CA Tree Fruit Agreement. Study parameters are still under discussion.

- Requested a 15% fee increase. This increase would become effective 30 days after publication (anticipated date of August 2007), and will include an automatic increase of an additional 15% on March 1, 2008.
- Signed a service contract for an automated inspection program. FPB is working on e-authentication, which will enable them to start a pilot program with MN, NJ, and AZ.
- Has been requested to review and approve Food Safety audit checklists to be used by Federal auditors for the Leafy Green and Tomato industries in California.

ITEM 6: CDFA/INSPECTION SERVICES DIVISION UPDATE – NATE DECHORETZ

Mr. Nate Dechoretz reported on changes that have taken place since the last Shipping Point Inspection (SPI) committee meeting. Deputy Secretary Valerie Brown has announced her retirement, as has John Dyer, Chief Legal Counsel. As a result of strategic planning, the Division of Inspection Services is planning on implementing some organizational restructuring.

ITEM 7: BRANCH/PROGRAM UPDATE

A. TREE FRUIT/GRAPES – ED PAGE

Mr. Ed Page reported stone fruit inspection is no longer mandatory. Twenty-five sheds are taking full in-line inspection, and two are participating in CAIP. This represents approximately 25% of the stone fruit industry. Though maturity and quality are generally good in the sheds taking inspection, some corking and discoloration have been found on nectarines and peaches, and wind scar on plums.

Except Red Globes and some late Thompsons, the Coachella and Mexico grape harvest is essentially complete. Quality in Coachella has been good this year, while Mexican grapes have had a few problems with straggly fruit and small berries.

B. TREE NUTS/FEDERAL INSPECTIONS – MICHAEL DAVIS

Mr. Michael Davis gave the committee an update on tree nuts. The almond industry is reporting limb and trunk breakage due to this year's record setting crop. Beginning in September almond shipment without aflatoxin certificates sent to the European Union will be subject to 100% review. The Almond Objective Measurement Report will be released on Friday, June 29, 2007.

The Pistachio Commission was dissolved in August 2006. The Administrative Committee for Pistachios has taken on most of the commission's roles and responsibilities.

C. FOOD SAFETY – STEVE THOMAS

A very comprehensive audit of the Leafy Green Food Safety Matrix is being established. Currently 99% of the industry has entered into a Marketing Agreement to participate in the food safety audit verification process. The Shipping Point Inspection (SPI) program has been performing informational audits and continues to hire and train employees to complete audits throughout the year. The tomato industry has also requested a similar auditing program.

SPI is beginning the second year of Federal audits for Country of Origin Labeling (COOL) on fish. Next year, it is expected, the COOL audit program will also encompass meat and produce.

D. CASS - JOINT POWERS AUTHORITY (JPA) – STEVE MAUCH

Mr. Steve Mauch announced the official establishment of the Cooperative Agricultural Support Services Authority (CASS). CASS is a joint powers authority formed by CDFA, Yolo County and Trinity County. CASS is currently hiring and employing seasonal staff for the Shipping Point Inspection and Light Brown Apple Moth Programs. As a local public agency, CASS functions under a different set of operating procedures, and significant cost savings can be expected in unemployment and overhead expenses. This will help the Shipping Point Program deliver services in a more cost effective way to the agricultural community.

E. PROGRAM/BRANCH ORGANIZATIONAL UPDATE – RICK JENSEN

Current and proposed organizational charts were given to each committee member. Ms. Baker will be moved to a position directly overseeing the administration of the SPI program. A similar position will be developed to directly oversee the Standardization, Citrus, Certified Farmers' Market, Avocado, and Organic Programs. These managers will report directly to Mr. Rick Jensen.

ITEM 8: FINANCIAL REPORT – RICK JENSEN

A. 2007/08 BUDGET PRESENTATION

Mr. Rick Jensen gave the committee a handout reviewing the SPI historical and projected revenue, expense, and cash balances from fiscal year 2003/04 through 2008/09. A Fund Condition for fiscal years 2001/02 through 2006/07 was distributed. Mr. Jensen detailed the significant cost reductions made over the last two to three years, and provided a copy of the detailed 2007/08 proposed budget totaling \$14,382,845.

B. FEE SCHEDULE REVISION

Mr. Jensen proposed a SPI fee increase of 3.5%. This would apply to all SPI charges. This increase would result in estimated additional revenue of \$350,000 to \$400,000. SPI has a continued obligation to re-establish an Ag Fund reserve.

MOTION: Mr. Parnagian moved to support the approval of the 2007/08 budget and fee increase as submitted. Mr. Biswell seconded. The motion passed unanimously.

ITEM 9: NEW BUSINESS

The committee discussed moving money from the Ag Trust Fund to the Ag Fund. No action was taken.

ITEM 10: NEXT MEETING LOCATION/AGENDA ITEMS

The next meeting will be determined by necessity, or otherwise the next meeting will be in Fresno, Spring 2008.

ITEM 11: ADJOURNMENT

The meeting was adjourned at 12:03 p.m.

Respectfully submitted by:

Rick S. Jensen, Chief
Inspection and Compliance Branch
Inspection Services

RJ/ss

2007-08 PROPOSED BUDGET				
	2004-05 Actual Expenditures	2005-06 Actual Expenditures	2006-07 Actual Expenditures	2007-08 Approved Budget
PERSONAL SERVICES				
Permanent Salaries	2,714,202	2,344,994	2,517,525	1,966,500
Special Pay	179,829	96,440	-	10,000
Temporary Help	2,767,994	2,526,020	2,321,403	36,000
Overtime	1,216,370	1,159,773	1,042,920	40,000
Staff Benefits	1,997,885	1,662,391	1,620,371	700,000
Unemployment Insurance	1,195,212	1,160,814	1,016,286	1,123,000
Adjustments-S/Savings+Chg/Rec	(80,775)	23,122	(30,820)	20,000
TOTAL PERSONAL SERVICES	9,990,717	8,973,554	8,487,685	3,895,500
OPERATING EXP & EQUIP				
General Expenses	41,767	27,815	51,239	42,000
Miscellaneous Expenses	35,894	27,024	58,812	47,000
Communications	69,546	71,628	66,006	65,000
Travel (In State & Out of State)	912,266	793,798	1,008,877	360,000
Facilities Operations & Utilities	382,793	277,840	262,326	305,000
Data Processing	9,357	3,339	47,850	340,000
Other items of Expense	22,048	9,490	36,938	25,000
Federal Government Fees	451,454	373,507	475,000	535,000
Consultant-External (JPA)	-	-	1,303,145	6,678,345
Payment to Counties	-	-	-	-
TOTAL OP EXP & EQUIP	1,925,125	1,584,441	3,310,193	8,397,345
INTRADEPARTMENTAL				
Pro Rata	175,650	398,605	408,926	420,000
Indirect Costs - Division	387,727	364,193	306,332	310,000
Indirect Costs - Exec/Adm	1,170,790	1,070,055	615,162	620,000
Indirect Costs - Legal	84,128	-	-	-
Direct Charge - Prod Services	1,849	-	-	-
Direct Charge - Other WI Div	354,588	416,575	542,324	620,000
Direct Charge - Chem Lab	131,728	131,993	93,295	100,000
Direct Charge - Audits / Cent Svc	4,856	23,908	1,320	20,000
TOTAL INTRADEPARTMENT	2,311,316	2,405,329	1,967,359	2,090,000
Budget Adjustment Unallocated	(39,544)	-	(26,213)	
TOTAL PROGRAM COST	14,187,614	12,963,324	13,739,024	14,382,845
Gas Tax (Sect 224)	(191,381)	(236,345)	(228,893)	(228,893)
Fed Fund Budget Act			(62,800)	(71,800)
Year-End Closing Exp/Credit	(813,000)	-		
TOTAL PROGRAM BUDGET	13,183,233	12,726,979	13,447,331	14,082,152

2008-2009 Proposed Budget	2007-2008 Projected Expenditures
Personnel Services	
Salaries and Wages-Perm	1,679,756.14
Salaries and Wages-Temp	62,160.71
Overtime	45,009.31
Salary and Wage Charge	285,222.96
Salary and Wage Recovery	(136,336.41)
Staff Benefits	545,324.05
Shift Diff	390.00
Holiday Pay	1,903.33
Wit Fees/Jury Duty/Other	(90.00)
Unemployment Insurance	971,218.00
Other Staff Benefits	144,327.88
Workers Comp	194,342.74
Salary Savings	-
Personnel Services Total	3,793,228.71
Operating Exp & Equip	
General Expenses	16,297.05
Freight/Drayage	17,633.20
Office Equip. Maint	600.00
Minor Equipment	51,731.49
Printing	28,113.21
Communications Services	58,007.64
Communications Equip/Other	4,041.05
Postage	14,987.10
Insurance	289.04
Travel: In-State	398,622.75
Travel: Out-Of-State	8,249.09
Training	858.00
General Services Chgs	2,480.67
Facilities Ops Rent	250,454.56
Facilities Ops Maint	671.83
NOC Facilities Ops	3,683.56
Security	-
Utilities	15,242.64
Consultant/Profess Interdeptl	305.74
Consultant/Profess External	5,997,918.00
Information Technology	4,156.39
Pro Rata	652,675.75
SWCAP	1,529.00
Equipment	12,833.32
Janitorial Servs	25,206.87
Ag Supplies/Svcs	6,331.73
Vehicle Operations	1,578.50
Unallocated OE&E	-
Total Op Exp & Equip	7,574,498.18
Distributed Costs	
Indir Cost- Exec/Adm	678,419.75
Indirect Cost -Div	446,854.39
Direct Charges Fr/W/I Div	484,569.97
Dir Chg Chem Lab Support	-
Dir Chg Oth Intradpt	54,128.00
Indirect Chg/Recovery	4,834.22
Recv Dir Chg Sec 224A	-
CALSTARS Charges	-
Consolidtd Data Centers	2,494.52
Central Admin Services	11,184.31
Total Intradepartment	1,682,485.16
NOC Goods (Federal Fees)	545,002.23
Penalties	175.24
NOC Services	-
Total Program Costs	13,595,389.52
Sec 224A Recovery	(227,243.00)
Recov-Dir Chg to Fed	(67,293.06)
Total Program Budget	13,300,853.46

FY 2008-2009 Proposed Budget	
PERSONNEL SERVICES	
Civil Serv-Perm	0
Civil Serv-Perm-CA	2,121,681
Civil Service-Temp	0
Civil Service-Temp-CA	25,000
Overtime	46,000
Salary Savings	-106,084
TOTAL SALARY & WAGES	2,086,597
OASDI	167,740
Dental Insurance	31,859
Health/Welfare Ins	300,395
Vision Care	5,490
Retirement	360,622
Workers' Compensation	208,188
Unemployment Insurance	1,123,000
Other Staff Benefits	-16,279
TOTAL STAFF BENEFITS	2,181,015
S/W Chg Fr Oth Pgm	40,000
Salary & Wg Recovery	-25,410
TOTAL S & W CHARGE/RECOVERY	14,590
Total Personnel Services	4,282,202
OPERATING EXP & EQUIP	
General Expense	347,111
Printing	10,000
Ofc Copier Rent/Svcs	0
Communications	76,000
Postage	18,000
Insurance	1,600
Travel: In-State	1,078,064
Travel: Out-Of-State	19,813
Training	50,000
Facilities Operation	259,176
Janitorial Services	16,500
Security	0
Recurring Maint Svcs	2,000
Utilities	20,000
Consult/Prof-Interdept	5,000
Attorney Gen Charges	474
Other Services	5,329,355
Information Technology	83,000
IT Supplies	0
Hardwr (Pur/Lse/Main	0
Hardwr (Pur/Lse/Main, Comm	0
Softwr (Pur/Lic/Main	0
Teale Data Center	0
Pro Rata	605,405
Swcap	1,529
Equipment	0
Agriculture Supplies	16,000
Chem/Drugs/Lab Supls	0
Auto Inspection	9,641
Indemnities	0
Clothing/Pers Suppls	0
Uniform Allowances	0
Sterile Moths/Flies/Etc	0
Lab Equip Repairs	0
Misc Ag Svcs/Rental	0
NOC (Services)	3,200
Pesticide Purchases	0
Helicopter Rental	0
Research Contract	0
Fed Gov Fees	560,000
USDA Lab Services	65,000
Sample Purchases	0
Unallocated-Bud	15,000
Total Op Exp & Equip	8,591,868
DISTRIBUTED COSTS	
Dir Chg Fr W/I Div	488,495
Dir Chg-Chem Lab	83,943
Dir Chg-Audits	0
Dir Chg-Seed Lab Svc	0
Dir Chg-Oth Intradpt	0
Dir Chg-Divisn It	0
Dir Chg-Central Svc	0
Indirect Costs-Div	260,230
Indir Cost-Exec/Adm	635,122
CalSTARS Charges	25,424
Indirect Charge/Recovery	0
Total Intradepartment	1,493,214
Indirect Chg Recovery	0
Direct Chg Recovery	0
Total Program Costs	14,367,284
FUND SOURCES	
Reimb. - CA Sect. 221	0
CA Sect. 221	14,038,391
Federal Fund Support	100,000
Ag Fund Sect. 224(a)	228,893
Total Program Budget	14,367,284