



DIVISION OF INSPECTION SERVICES 2010 ANNUAL REPORT





OUR MISSION

***TO PROVIDE PROFESSIONAL
SERVICES THAT SUPPORT
AND CONTRIBUTE TO A SAFE,
ABUNDANT, QUALITY FOOD
SUPPLY, ENVIRONMENTALLY
SOUND AGRICULTURAL
PRACTICES, AND AN
EQUITABLE MARKETPLACE
FOR CALIFORNIA
AGRICULTURE.***

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EXECUTIVE SUMMARY

In 2010, the Division used the strategic planning process to enhance program activities and identify future program direction. Representatives from industry as well as local, state, and federal government officials provided input to this process. This process allowed for operational efficiency and transparency for all programs. As a result, each of the Division's branches has begun the process of restructuring at both the branch and program levels. Each program now has dedicated supervisors and field staff to focus solely on each of the functions, which has increased the programs' capability.

Restructuring has provided the opportunity for the Division's programs to enhance their outreach and education efforts to both clients and colleagues outside of the Department. This included opportunities for clients to attend various workshops and training sessions. The programs also allowed colleagues from outside of California to work closely with staff to learn

more about the Division's operations as well as policies and procedures related to various projects.

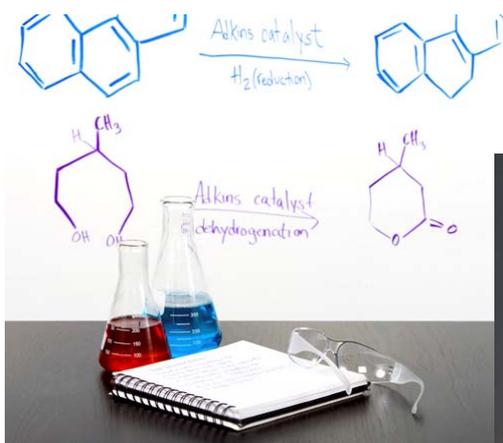
The strategic planning committee, along with the efforts of various programs, identified the need for additional regulations throughout the programs. With the recommendation by the committees, staff has begun to develop needed regulations to provide consistent and fair enforcement to the agricultural industry.

In December 2010, the State Board of Food and Agriculture, and Department released *California Agricultural Vision: Strategies for Sustainability* (Ag Vision). Ag Vision is an effort to plan for the future of agriculture and the food system in the nation's leading farm state. In the coming year(s), the Division of Inspection Services will be working closely with the Executive office to objectively plan and fulfill the initiatives of Ag Vision.

THE DIVISION FULFILLS ITS MISSION BY PROVIDING THE FOLLOWING SERVICES:

- Inspect fruits, vegetables, and nuts to ensure that maturity, grade, size, weight, packaging, and labeling meet the consumers' quality expectations.
- Conduct chemical analysis in support of food and environmental safety.
- Perform verification audits to ensure good handling and agricultural practices are used to contribute to a safe food supply.
- Ensure fertilizer, animal feed, and livestock drugs are safe and effective, and meet the quality and quantity guaranteed by the manufacturer. This helps prevent toxins and contaminants from entering the food chain.
- Monitor the marketplace to provide California consumers with eggs that are wholesome, properly labeled, refrigerated, and of established quality while maintaining fair and equitable marketing standards in the California egg industry.
- Enforce provisions of the law that govern certified farmers' markets and the sale of foods labeled as organic.

CENTER FOR ANALYTICAL CHEMISTRY





PROGRAM SUMMARY

The mission of the Center for Analytical Chemistry (CAC) is to provide impartial, timely, accurate, and cost-effective analytical services. The CAC supports the enforcement activities and research programs of other agencies. CAC's stakeholders and clients include the U.S. Department of Agriculture (USDA), the Environmental Protection Agency (EPA), the California Department of Pesticide Regulation (CDPR), the California Department of Boating and Waterways, and the Food Emergency Response Network (FERN). The CAC also supports several programs within CDFA, including the Plant Health and Pest Prevention Services Division, the Animal Health and Food Safety Services Division, and the Feed, Fertilizer, Livestock Drugs, and Egg Regulatory Services Branch (FFLDERS), and the Inspection and Compliance Branch of the Inspection Services Division.

The CAC is a state-of-the-art chemistry laboratory with facilities located in Sacramento and Anaheim. The Center consists of two main sections, the Food

Safety Section and the Environmental Safety Section. The Center also has an independent Quality Assurance Unit that is responsible for the CAC Quality Management System. The CAC is ISO-17025:2005 accredited by the American Association for Laboratory Accreditation (A2LA).

To establish and maintain the highest possible quality of our services, our staff regularly receives training from experts in the fields of chemical analysis. In the past year, the CAC has hosted many workshops and seminars offered by representatives from instrument manufacturers and vendors. These seminars are invaluable as staff is exposed to the latest advances in analytical instrumentation. In addition to striving to remain technically current, the CAC also keeps abreast of environmental issues that affect our client's missions to ensure the program's relevance. The Center has offered the facility as a forum for stakeholders and organizations to discuss issues concerning the evolving needs of California's agricultural industry and the ways in which the CAC can adapt to deal with these new challenges.





PAST CHALLENGES AND FUTURE GOALS

In 2010, the CAC continued to face the challenges of reductions in workforce and funding. To maintain the same level of quality service, the Center recognizes the need to constantly improve program efficiency. Flexibility in staff assignments continues to be a key part of this effort. In 2010, the Environmental Analysis Laboratory increased the cross-training of staff in different analyses to better serve its clients in a timely fashion. The timely review of data packages and the development of new analytical methods requested by clients were challenging throughout 2010 as all CAC staff were furloughed three days each month. The Center's staff worked diligently to meet the challenge of its workload with the reduced work hours.

The CAC laboratories made improvements to their analytical methods to conserve resources and increase sample throughput while improving the quality and reliability of results. Sample batch size was increased, and research was conducted to improve analytical method efficiency. For example, the Food Safety Section adopted the QuEChRS (Quick, Easy, Cheap, Rugged, and Safe) sample preparation method last year in response to an extended worldwide shortage of the solvent acetonitrile. The QuEChRS method uses much less acetonitrile than the former extraction method, resulting in a 30% cost savings compared to the old method. Extraction time per sample is also reduced by 70%.

2010 HIGHLIGHTS AND ACCOMPLISHMENTS

In spite of the year's challenges, the CAC enjoyed many highlights in 2010. A new roof for Building B, new flooring and an overhaul of the HVAC and security systems at the Sacramento Laboratory all enhanced staff comfort, safety, and morale during a difficult year.

The CAC is committed to an active community outreach and education program. Employees participated in many educational activities, such as local and regional science fairs, presentations at local colleges, recruiting activities, and the annual State Scientists Day at the State Capitol.

Each year, the CAC hosts many meetings and workshops, and receives visitors from



Representatives of Thermo Fisher provided training to keep CAC staff up to date on the latest developments in instrumentation.

not only California, but across the country and around the world. These events and visits spotlight CAC staff members and



provide opportunities for them to share expertise and exchange ideas, as well as learn from the experts of the analytical chemistry world. Staff members are also regularly invited to speak at local colleges.

On November 8, 2010, the CAC hosted two officials from the Korean Food and Drug Administration. Mr. Chan Nyoung Lee, Deputy Director of the Food Import Division of the Food Safety Bureau, and Mr. Woo Seong Kim, Deputy Director of the Chemical Residue Laboratory, Busan Region. They were accompanied by Gerald Smith, the Attaché for Agricultural Affairs for the USDA FAS in Korea. The visitors learned about State and Federal regulation of agricultural chemicals, and methods for pesticide residue testing of produce intended for export.

The CAC booth and its activities are always very popular at the annual State Scientist Day for 4th, 5th, and 6th graders held on the West lawn of the State Capitol. The goals of this event are to promote science education and encourage students to explore a career in science. The theme of the 2010 event was ***Discover Science!*** A large crowd of excited



State Scientist Day at the State Capitol

students from around the State came by the CAC booth to do just that. The many volunteer CAC staff members oversaw hands-on experiences in activities such as chromatography and making GAK putty.

Nirmal Saini, the CAC Branch Chief, gives many presentations throughout the year on behalf of the Division and the Laboratory. In September 2010, he was a featured speaker at a technical seminar in Davis, CA. On April 6, 2010, he participated in a PREP (Pesticide Regulatory Education Program) seminar sponsored by Agilent Instruments in Folsom, CA.



CAC supervisors and managers pose briefly before preparing a Pancake Breakfast for the lab to raise funds for the 2010 Holiday Food Drive.

The CAC enthusiastically participates in the Department's annual holiday food drive with many fundraising activities such as a Pancake Breakfast, White Elephant sales, Book sales and a lab Canned Food Collection Competition. In 2010, these events generated over \$700 in cash and more than three drums of canned foods for area charities.

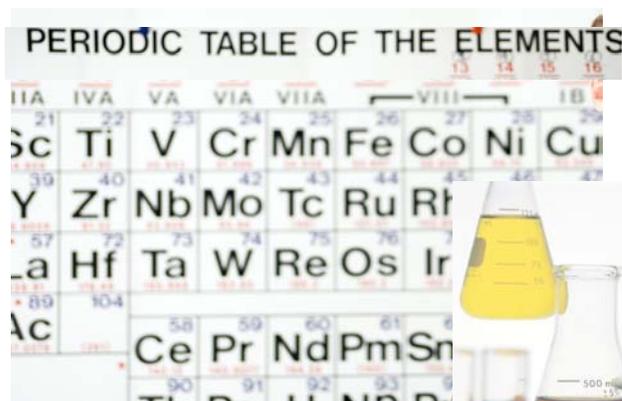


FOOD SAFETY LABORATORY

The primary role of the Food Safety (FS) Laboratory at the CAC is to provide testing to local, State and Federal agencies that work to protect the nation's food supply. The program includes the Pesticide Residue (PR), the USDA-Pesticide Data Program (PDP) and Dairy laboratories in Sacramento, and another PR laboratory in Anaheim. Besides its contract work, the FS laboratories voluntarily participate in the Food Emergency Response Network (FERN). FERN is a national organization comprised of governmental food-testing laboratories that respond to emergencies involving biological, chemical, or radiological contamination of food. The PR section is also a member of the FDA-Electronic Laboratory Exchange Network (eLEXNET), the data capture and communication system for FERN. Analytical data from the PR's State Residue Monitoring (SRM) program is submitted to eLEXNET as part of the collaboration among government food testing laboratories to enable the network to recognize potential contamination.



Our philosophy embraces the belief that an organization is only as strong as its individual members. Our employees are valued for their input. We strive to foster a spirit of continuous learning and cooperation and the idea of excellence in service. Our on-going goals are to continually improve data quality and system efficiency, strengthen our collaboration efforts and involvement with other food safety organizations, enhance infrastructure and attain clients' complete satisfaction. These goals align with our mission of providing high quality and cost-effective analytical services.





HIGHLIGHTS AND ACCOMPLISHMENTS

One of the brightest highlights of 2010 was the Pesticide Residue laboratory's successful integration with the FERN data exchange network eLEXNET. This information network was created by the US FDA to allow multiple government agencies engaged in food safety activities to share and coordinate laboratory analysis findings. Data submitted to the network enable public health officials to identify potentially hazardous foods and perform risk assessment in order to minimize the impact on the population. The FDA recognized the CAC in its March 2010 newsletter as being at the front line in the outbreak detection process.

A cooperative approach between the PR and PDP labs furthers the FS goal of improved system efficiency. The PR laboratory incorporated the Liquid Chromatography/Tandem Mass Spectrometry (LC/MSMS) methods developed by the PDP team to successfully expand the PR lab's monitoring capability. The PR lab recently instituted a hybrid LC/MSMS method that screens for an additional 30 chemicals while reducing both assay time and solvent waste. Concurrently, the PDP team successfully developed LC and Gas Chromatograph-MS/MS methods that take advantage of these instruments' broad capabilities. The new methods improved the lab's ability to

detect chemicals in food products, reduced assay time, and eliminated transcription errors by utilizing automated data processing.

THE PESTICIDE RESIDUE LAB ADDED THIRTY CHEMICALS TO ITS PESTICIDE SCREENING IN 2010 AS PART OF AN IMPROVED METHOD THAT ALSO REDUCES ANALYSIS TIME AS WELL AS SOLVENT CONSUMPTION.

Two additional infrastructure improvements completed in 2010 further enhanced the FS section's operations. A micro-bulk liquid nitrogen tank was installed to provide an uninterrupted supply of nitrogen for the laboratory's LCMS systems. The nitrogen level is monitored remotely by the gas vendor, and the tank is filled as required. The use of this system provides a much higher level of efficiency and reliability than the portable cylinders that were previously used, requires almost no maintenance and above all, costs significantly less.

FUTURE GOALS

Budget issues will continue to drive the need to operate with reduced resources in 2011. The FS section is continuing to strengthen its capabilities through the use of advanced

technology. For example, the USDA-PDP laboratory is evaluating the use of a new method of LCMS ionization, APPI (atmospheric pressure photoionization),



which may allow the extension of LCMS analysis to classes of compounds that cannot be analyzed by the current electrospray ionization. APPI also may reduce matrix effects that interfere with sample analysis, resulting in more accurate results. The addition of APPI ionization technology is a relatively inexpensive modification to existing instrumentation that may provide substantial benefits.

The laboratory is also investigating the possible use of multiplexing technology in order to improve efficiency. This technology can be added to existing instrumentation to allow for the use of mass spectrometer idle time that is otherwise lost. Multiplexing systems can potentially double existing instrument capacity.

PESTICIDE RESIDUE LABORATORIES

The Pesticide Residue (PR) laboratories of the Food Safety section of CAC are located in Sacramento and Anaheim. The PR labs provide agrochemical analyses on food and environmental samples to support California's growers and County Agricultural Commissioners, as well as several State and Federal regulatory agencies.

Both laboratories continue to develop improved LC- and GC-MS/MS methods, which offer the advantage of unequivocal identification of targeted chemicals in a single analysis. A pilot study by the PR team of an LCMS screening method developed



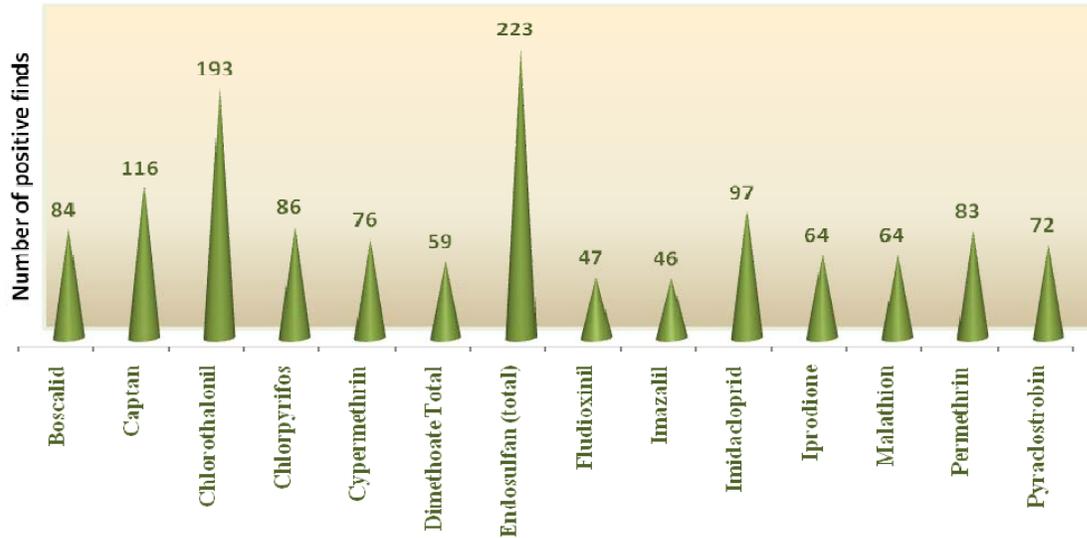
THE PESTICIDE RESIDUE LABS TESTED 3000 SAMPLES IN THE STATE RESIDUE MONITORING PROGRAM IN 2010. OF THESE SAMPLES, 960 HAD DETECTABLE PESTICIDE RESIDUES AND ONLY 47, OR 1.6% OF THE TOTAL, HAD VIOLATIVE RESIDUES.

for the PDP was a great success. The Anaheim team continues to expand the use of its new LC and GC-MS/MS instruments, and now confirms positive findings in-house. Full implementation of the LCMS method in both the Sacramento and Anaheim PR labs will take place in the near future.

In 2010, the PR laboratories analyzed more than 3600 samples. Of these, 3000 were market surveillance samples in the SRM program. Of these surveillance samples, 960 samples, or 32%, had detectable pesticide residues. Only 1.6% of the samples had violative residues.



Top Fifteen positive finds in 2010 State Residue Monitoring



The Pesticide Residue (PR) Laboratories provide analytical support to the Department of Pesticide Regulation (CDPR) for its mandates to perform comprehensive pesticide risk assessment and to promote effective enforcement of State and Federal pesticide regulations. Through the State Residue Monitoring (SRM) program, the Sacramento and Anaheim PR laboratories analyze pesticide residues in fresh produce in the channels of trade to ensure industry's

compliance with the tolerance standards set by the U.S. Environmental Protection Agency. The PR laboratories also perform analytical testing for California's County Agricultural Commissioners in their investigative programs. These include monitoring of field workers for pesticide exposure and investigations of incidents of pesticide drift and illnesses related to the misuse of pesticides.

2010 County Investigative Program Top Ten Most Requested Analyses (by sample count)

Bromacil	19	Glyphosate	77
Carfentrazone ethyl	19	Lambda Cyhalothrin	23
Chlorantraniliprole	20	Propargite	232
Chlorpyrifos	36	Sulfur	24
Diuron	18	Triclopyr	23

The Pesticide Residue labs took part in an extensive investigation of Propargite misuse on Peaches this summer.



USDA PESTICIDE DATA PROGRAM

California has participated in the U.S. Department of Agriculture (USDA) Pesticide Data Program (PDP) since 1991, and was one of the first states to join this program. PDP has evolved from its start as a brief survey of a few commodities, and today is the primary source of the real-world pesticide residue data essential for the dietary exposure component of risk assessments performed by the U.S. Environmental Protection Agency (EPA) (USDA-PDP 2009 report). In contrast to enforcement programs such as the State Residue Monitoring program, PDP provides pesticide residue data for washed, ready-to-eat produce with non-edible parts discarded. Representative sampling of the targeted



commodities is conducted across the United States. PDP data is also used by other governmental agencies and the agricultural community to better understand the relationship of pesticide residues to agriculture practices, to improve integrated pest management practices, and to provide

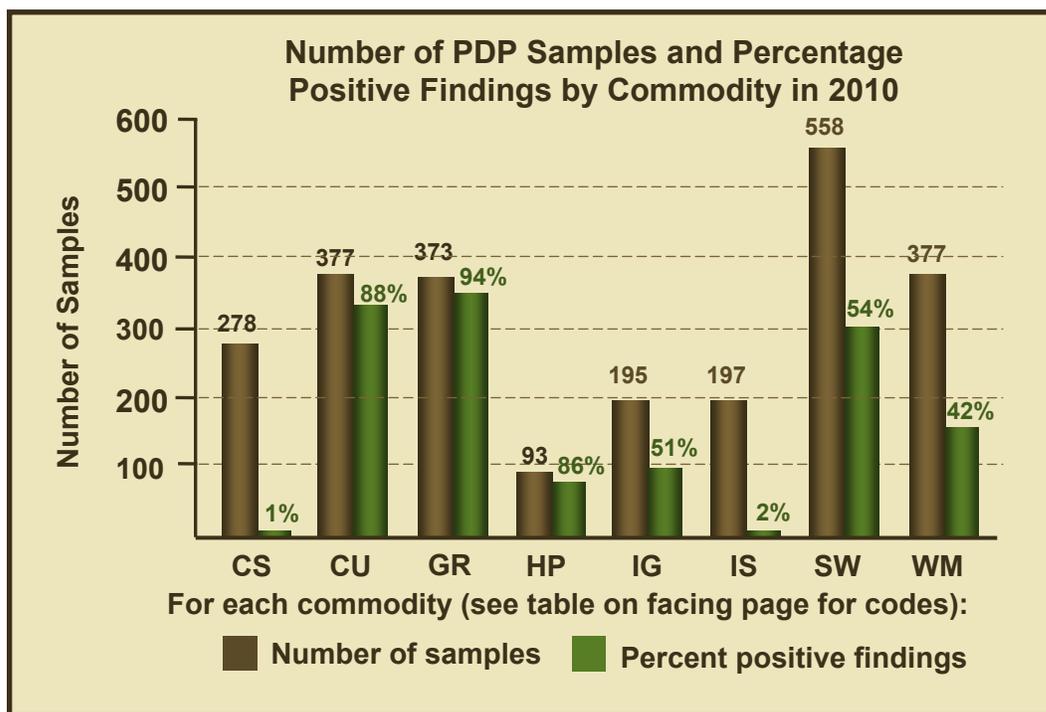
information in support of the export of U.S. commodities.

THE PESTICIDE DATA PROGRAM ANALYZED 2,450 SAMPLES IN 2010, UP 6% FROM 2009. EACH SAMPLE WAS TESTED FOR MORE THAN 200 DIFFERENT CHEMICALS.

The challenge for the PDP program in 2010 was to do more with less. The efforts in 2009 to implement the new QuEChRS extraction procedure paid off in 2010. This method not only uses less solvent, 15 mL vs. 100 mL, but also takes less time. Total sample turnaround time was shortened by 20%.

To further improve program efficiencies, the PDP laboratory participated in the transshipment of commodities across the country. The program focused on 8 commodities in 2010, reduced from 11 in 2009. Sample batch size was increased from 18 to 31 samples.

New technology to reduce the number of separate analytical tests required for each sample was validated in 2010. Previously, all samples were analyzed using four different detection systems: uECD, MSD, FPD and LCMS. In 2010, the uECD and MSD analyses were consolidated into a single method using GC-MSMS. The data generated using the mass spectrometric detection system is more specific and definitive. It is therefore more defensible if



challenged. In addition, GC-MSMS data is not subject to various problems associated with the selective uECD and FPD detectors.

In a continuing effort to improve data quality and system performance, PDP performs rigorous recovery studies on over 100 analytes with each data set. Each sample is also spiked with a surrogate. Recovery of the surrogate is used to monitor the efficiency of the sample extraction process.

One of the goals of the PDP program for 2011 is to explore the use of a new LCMS ionization technique, Atmospheric Pressure Photoionization, or APPI, to expand the use of LCMS and improve data accuracy. The laboratory is also investigating the possible use of multiplexing technology in order to improve efficiency by allowing the use of the mass spectrometer idle time.

The PDP program analyzed a total of 2,450 samples in 2010, up 6% from 2009. Each sample was screened for almost 200 different pesticides and metabolites. The

2010 PDP Commodities	Code	Most Common Pesticide Found
Fresh Corn	CS	Methamidophos
Cucumber	CU	Propamocarb HCl
Grape	GR	Boscalid
Hot Peppers	HP	Thiamethoxam
Infant Green Beans	IG	Boscalid
Infant Sweet Potato	IS	Dicloran
Sweet Potato	SW	Dicloran
Watermelon	WM	Imidacloprid

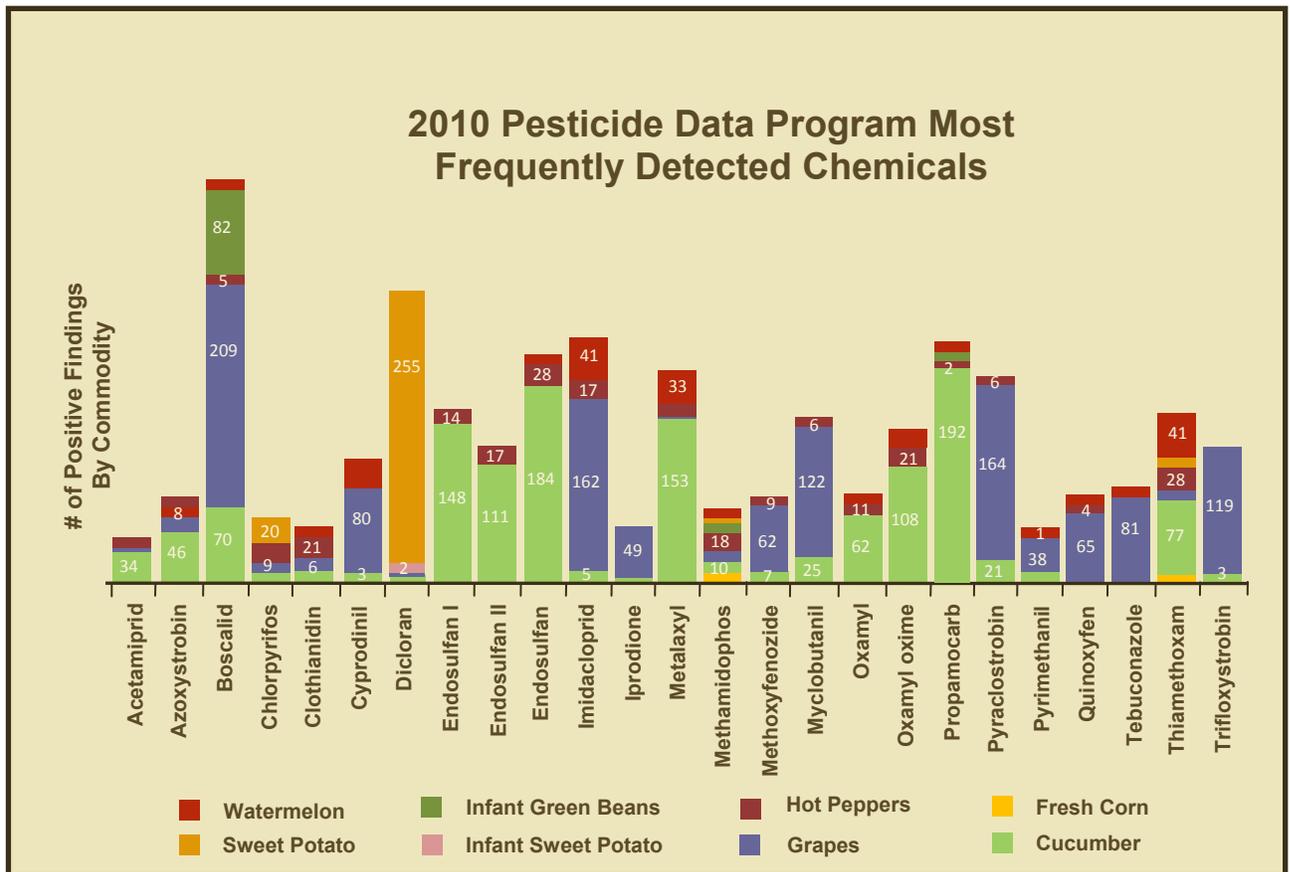


chart on the previous page shows the number of samples by commodity, along with the percentage of positive findings for each commodity. The table on the previous page shows the sample codes used for the commodities, along with the pesticide found

most often for each of them. The 25 most commonly found chemicals for all commodities, along with the percentage of positive findings for each of the commodities tested, are shown in the chart above.





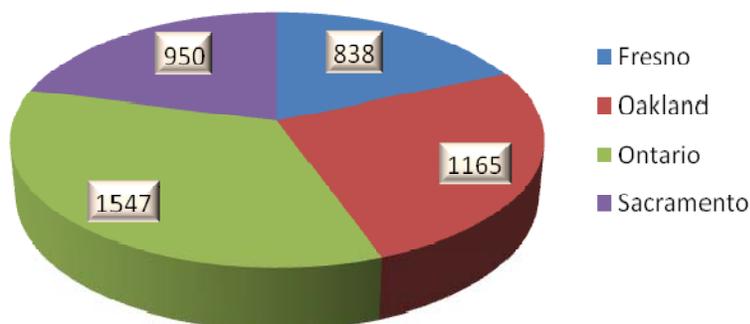
DAIRY CHEMISTRY LABORATORY

The two programs of the Dairy Chemistry Laboratory (DCL) support both California's dairy industry and the CDFA's Dairy Food Safety Branch. Assays of routine samples test the composition of dairy and imitation dairy products for compliance with California's regulatory criteria. The IRMA (Infrared Milk Analysis) program analyzes raw milk samples for use as instrument calibration reference samples. Each week, the program's staff members prepare, analyze, and distribute the analyzed samples to participating dairies all over the nation. These dairies use these reference samples in determining the amounts of fat, protein, moisture, lactose, and total solids in raw milk samples. Milk prices are set according to the composition of the samples, so the IRMA reference standards play an important role in the nation's dairy industry.



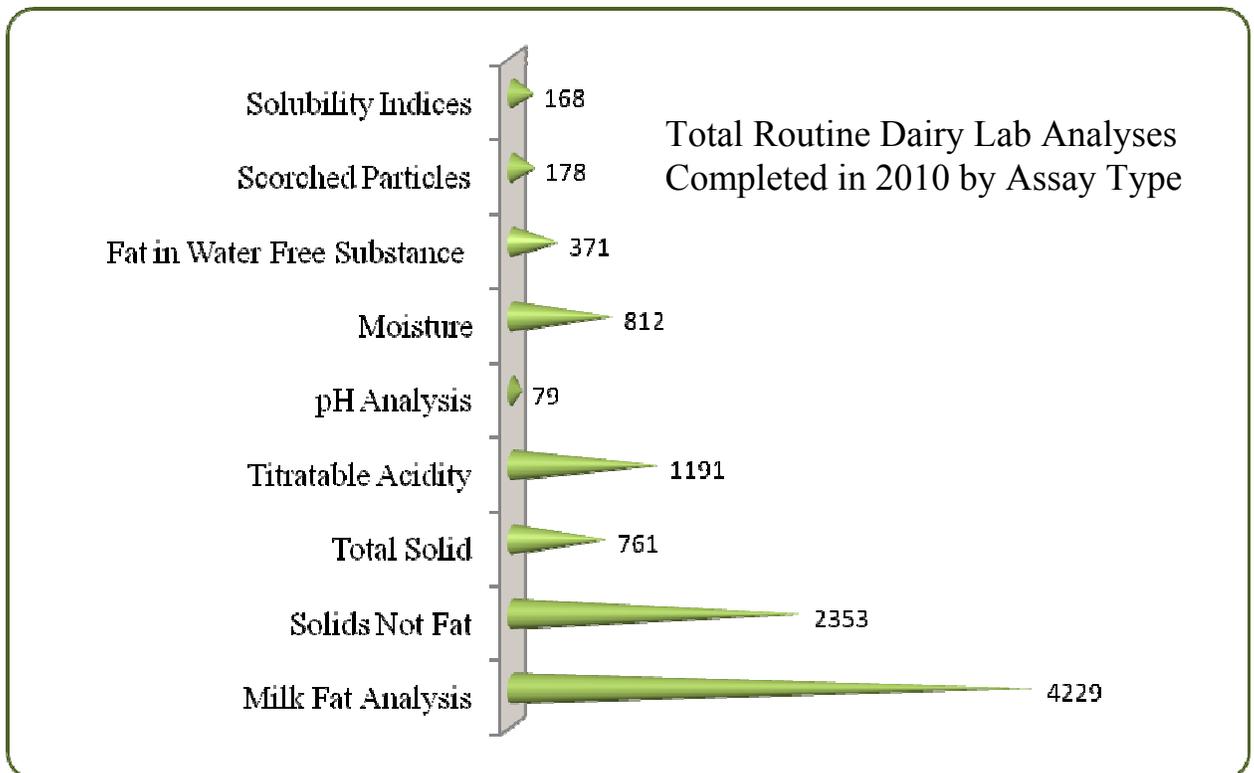
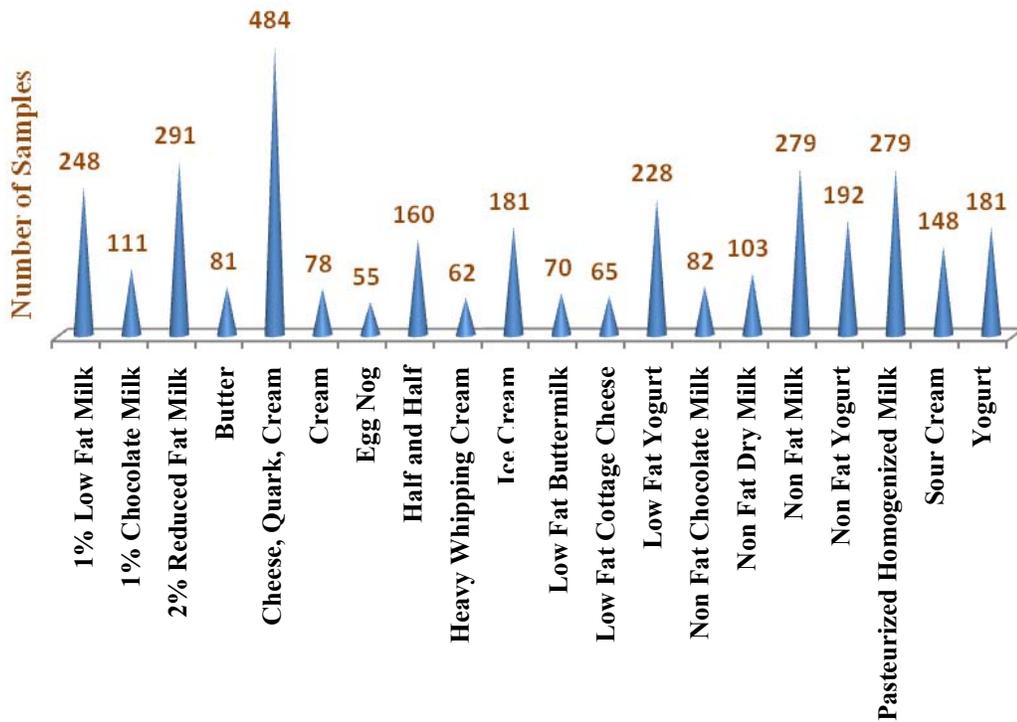
In an effort to consolidate operations, the Dairy Food Safety branch has decided to move the dairy chemistry operation to its San Bernardino facility. As the relocation project progressed, DCL's staff members were reassigned to other sections within the CAC and analyses and peripheral programs such as the USDA proficiency testing (PT) were reduced as a result. Despite the staff reductions and furloughs, the DCL completed 4,593 routine, 3,800 IRMA, and 42 PT samples for a grand total of 14,279 analyses for the year. The charts to the left and on the following page provide details of the Dairy Lab's samples and analyses in 2010.

Number of Samples Received - 2010





Twenty most common product types received -2010





ENVIRONMENTAL SAFETY LABORATORY

The Environmental Safety Laboratory (ESL) provides analytical services to local, State and Federal agencies working to protect the environment, farm workers, and consumers from exposure to agrochemicals. The Laboratory monitors pesticides and their metabolites in air, soil, water and other matrices. The Laboratory comprises five

sections: the Environmental Monitoring Section, the Worker Health and Safety Section, the Feed and Fertilizer Section, the Product Compliance Section, and a group supporting various CDFA programs. In 2010, over 14,400 separate analyses were performed on a total of 4,252 samples by all sections.

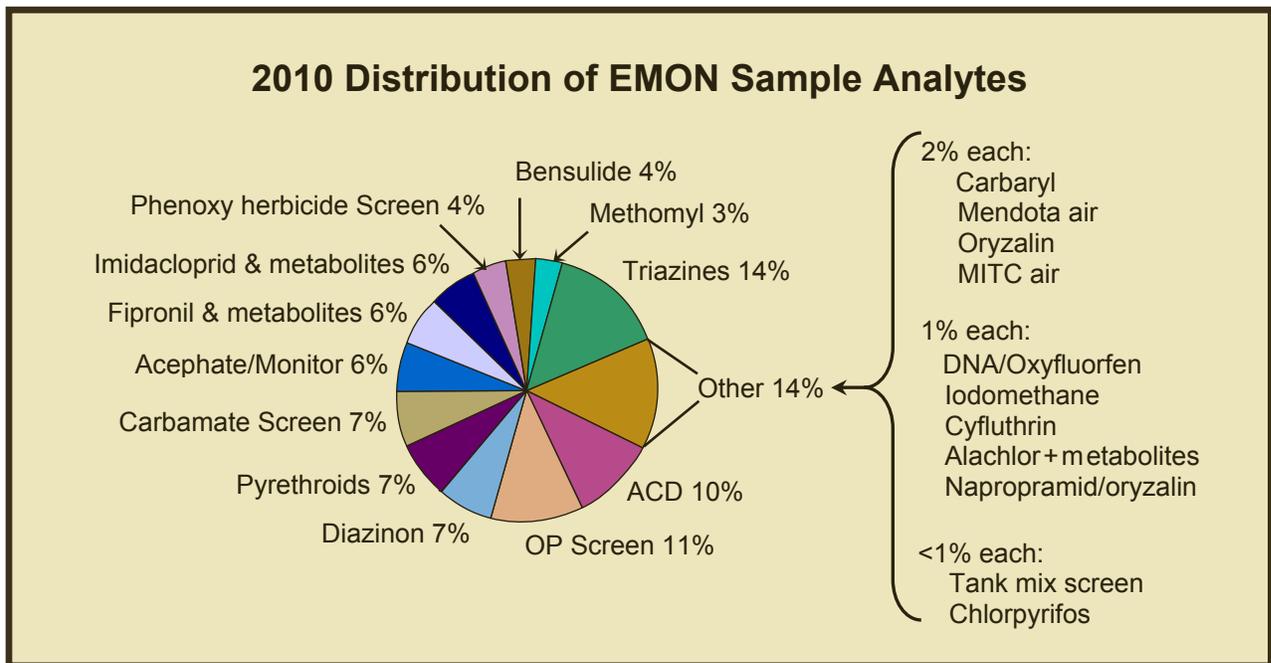




ENVIRONMENTAL MONITORING SECTION

The Environmental Monitoring (EMON) section provides analytical testing to monitor the environmental fate of pesticides and their metabolites in all matrices except food. In 2010, the EMON section processed 1,298 samples along with 675 quality control samples. As the chart below shows, a wide variety of both pesticide screens and single analyte assays are performed by the EMON section. The wide range of sample matrices includes air sampling tubes and filters, ground and surface water, soil and sediments, foliage and swabs. Under an interagency agreement with the California

Department of Pesticide Regulation (CDPR), the EMON section performs testing of air samples to monitor the concentrations of pesticides that may potentially contribute to air quality problems from volatile organic compounds (VOCs). The EMON section also tests water samples to support the CDPR's studies of surface and ground water contamination issues. The section also supports several CDFA Programs including the Pierce's Disease Control Program, Asian Citrus Psyllid treatment, and Gypsy Moth treatment.



The EMON Section developed many new analytical methods in 2010 at the request of its clients. These included:

- MITC in surface water

- Oryzalin in surface water
- Chlorothalonil in surface water
- Pyrethroids in surface water and sediment using GC/triple quad MS



- Surface water and ground water analysis for the following compounds:
 - Azoxystrobin and metabolites, Dicloran, 3,5-Dichloroaniline and Iprodione
- Additions of the following compounds to the XAD-4 air analysis:
 - EPTC, Dacthal, Malathion, Iprodione, Acephate, Bensulide, Methidathion, and Oxydemeton-methyl
- Summa canister air analysis for the following compounds:
 - Bromomethane, Acrolein, Iodomethane, Carbon disulfide, MIBK, and Cis- and trans-1, 3-dichloropropene

WORKER HEALTH AND SAFETY SECTION

The Worker Health and Safety (WH&S) Section provides analytical testing for the CDPR for farm and nursery worker protection studies and exposure incidents. The results of these studies are used to help determine pesticide exposure limits for farm workers and to set time limits for field re-entry after pesticide applications. The lab is also accredited for the analysis of dislodgeable foliar residues that might result in worker exposure.

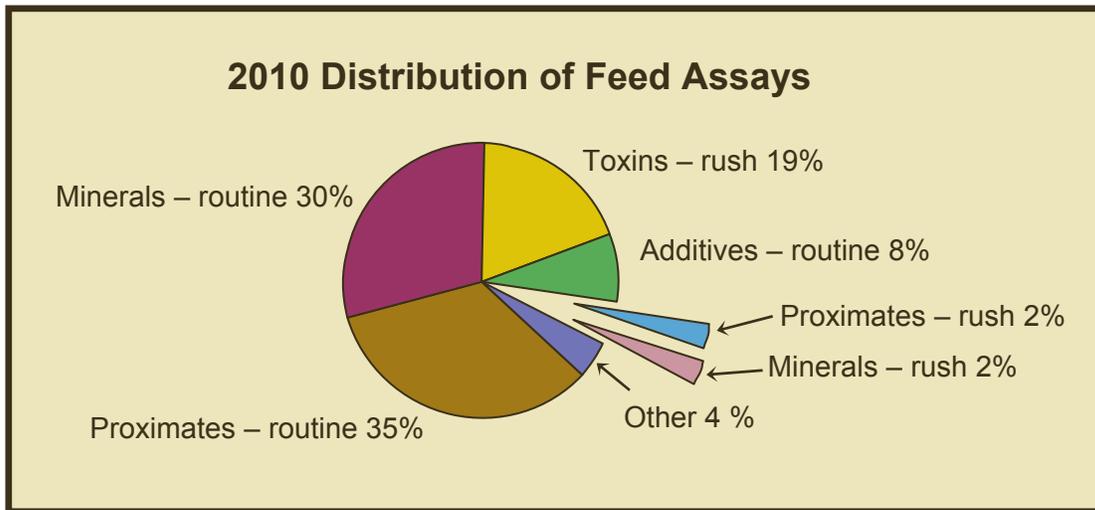


FEED AND FERTILIZER SECTION

The Feed and Fertilizer section provides microscopic and chemical analyses for the Feed, Fertilizer, Livestock Drugs, and Egg Regulatory Services Branch (FFLDERS) of



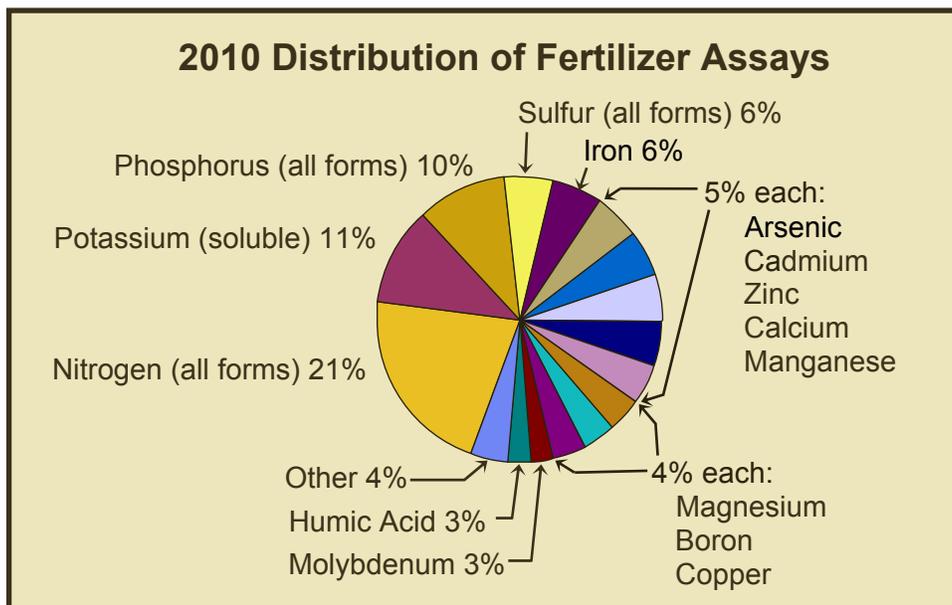
the CDFA. This section performs a wide variety of analytical methods, as shown in the chart on the following page. These range from traditional wet chemical analyses to advanced instrumental methods such as atomic absorption and inductively-coupled plasma spectrometry for metals and state-of-the-art liquid chromatography/mass spectrometry methods for pesticides, assays mycotoxins, and feed additives. Multiple analyses are performed on most samples.



Over sixty different microscopic and chemical analyses are performed on feed samples to ensure compliance with the laws and regulations governing the feed industry. These tests include proximates (protein, fat, fiber, etc.), minerals, drugs, vitamins, and mycotoxins. Microscopic analysis of samples is used to detect the presence of foreign matter such as insect debris or materials prohibited in animal feed. The Feed lab also analyzes the omega-3 fatty acid content of shell eggs. The Feed group ran 5,894 analyses on 1,216 samples in 2010. The chart above shows the

distribution of these assays during the year.

Up to forty different tests and assays are performed on fertilizing materials samples. These include microscopy, determination of pH and moisture content, 8 assays for various forms of primary plant nutrients (nitrogen, potash and phosphorus), and 20 tests for secondary plant nutrients such as sulfur, magnesium, and iron, as well as toxic metals such as arsenic and lead. In 2010, the Fertilizer group completed 6,392 analyses on 1,142 samples. The chart below shows the distribution of these assays in 2010.





PRODUCT COMPLIANCE SECTION

The Product Compliance Section analyzes pesticide products sold to the public to ensure that the label information matches the content of the package (label guarantee) and to check for adulteration or contamination based on the guidelines set



by the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). Products tested include samples collected at production facilities and retail outlets, as well as concentrates and tank mixes used by professional Pesticide Control Applicators. The section also tests samples related to human or animal hazards. Samples are analyzed at

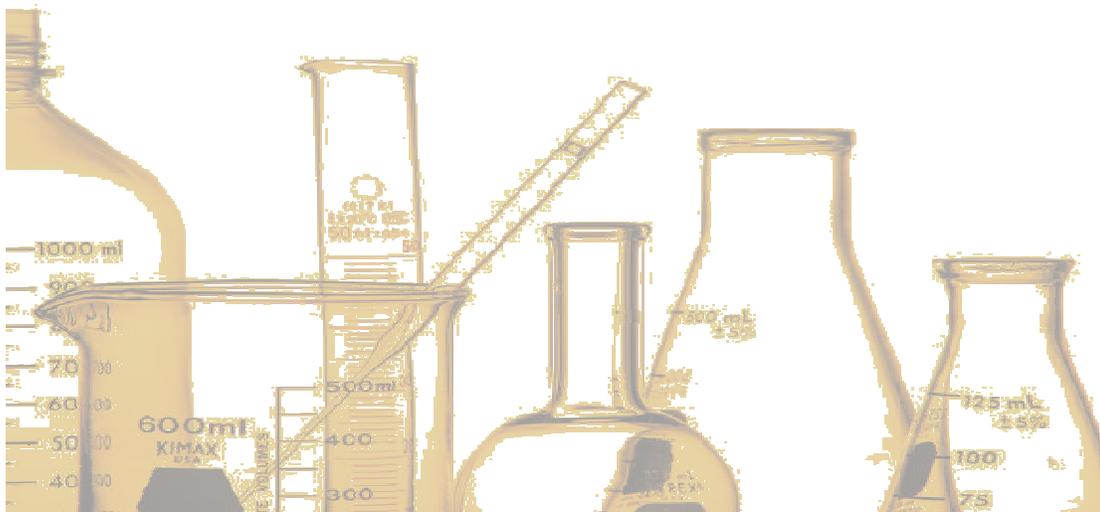
concentration ranges from percent levels down to parts per million (ppm), depending on the assay. The testing for label compliance of products with pesticide cleaning agents such as quaternary ammonium chlorides is of particular importance, since product labeling is the primary enforcement mechanism for FIFRA.

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The Product Compliance Section operates under an interagency agreement with the CDPR and U.S. EPA to test a range of products, including cans of insect sprays, mosquito repellent wipes, insecticidal chalk, and citronella oil.





CDFA PROGRAMS:

INTEGRATED PEST CONTROL

PEST DETECTION AND EMERGENCY PROJECTS

Laboratory testing of environmental monitoring samples (water, soil, air, or foliage) is an important component of emergency eradication projects dealing with insect pests that are detrimental to the State's agricultural industry. This testing helps to ensure that spray tanks are cleaned properly and that the correct amounts of



pesticides are used. Monitoring of the levels of pesticides in and around treatment areas protects the public, field workers, and the environment. When required, measurements are made down to parts per billion (ppb) or even parts per trillion (ppt) to achieve the highest levels of safety. Eradication projects in 2010 included the Asian Citrus Psyllid, the European Grapevine Moth, and the aquatic weed Hydrilla.



INTERDEPARTMENTAL CONTRACTS

Under the Federal Clean Water Act, treatment of surface waters for aquatic weeds must be conducted according to guidelines set by the National Pollution Discharge Elimination System. Under an interdepartmental contract with the California Department of Boating and Waterways, the Environmental Monitoring Section analyzes water samples to ensure that treatments adhere to all of the applicable guidelines and permit conditions. Samples are collected both pre- and post- application.



Measurements are made down to the parts per billion (ppb) levels when necessary to provide the highest possible level of protection for California's waterways. Chemicals monitored in 2010 include the herbicides 2,4-D, glyphosate, fluridone, and the adjuvant Agridex.

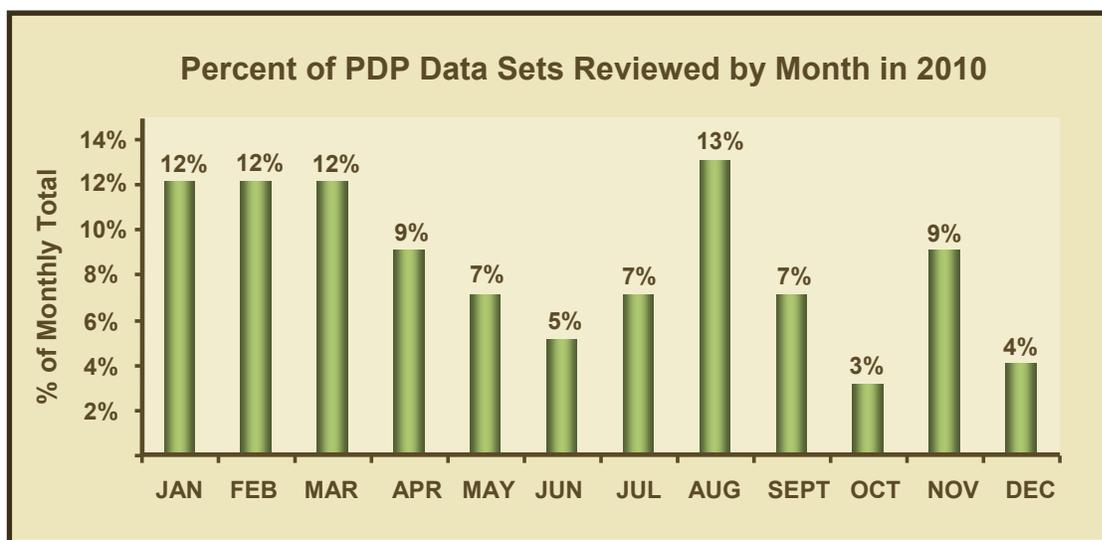




QUALITY ASSURANCE UNIT

The Quality Assurance Unit (QAU) monitors the work product quality throughout the CAC to ensure that its facilities, equipment, personnel, methods, practices, records, and controls are all in conformance with established policies and procedures. The QAU also reviews both data and the validation of the test method for

all commodities analyzed by the PDP program. The chart below shows the PDP data sets reviewed in 2010. In addition, the QAU reviews data for the Good Laboratory Practices (GLP) projects and for other CAC sections as needed. All CAC section's records and operations are audited by the QAU on a regular schedule.



The QAU also monitors compliance with the 17025:2005 standard of the International Organization for Standardization (ISO). Under the guidance of the QAU, the Center received its ISO 17025 accreditation renewal in 2010, following a comprehensive audit by A2LA, an ILAC-MRA signatory. The CAC must renew its accreditation for ISO 17025 every two years.

In preparation for the A2LA audit, The QAU conducted internal audits of all CAC units for the specific test methods identified in the laboratory's scope of accreditation. Corrective Actions were initiated where deficiencies were found, and client feedback

was obtained to promote continuous improvement in all CAC activities and services.

Throughout the year, the QAU provides Proficiency Evaluation (PE) Samples in coordination with the USDA/PDP and the AOAC International (prior to 1992, this organization was known as the Association of Official Analytical Chemists). The data from PE samples is used as a tool to check the laboratory competency, and to identify areas in which performance improvements can be made. The table on the facing page lists the PE sample sets prepared by the QAU in 2010.



**PROFICIENCY EVALUATION SETS PREPARED
BY THE QUALITY ASSURANCE UNIT IN 2010**

MONTH	PROGRAM	MATRIX	# OF CHEMICALS
January	USDA-PDP	Sweet potatoes	12
February	AOACI	Potatoes	10
March	USDA-PDP	Asparagus	12
April	USDA-PDP	Lettuce (macrocyclic lactones)	8
May	QA-Blind spikes	Watermelon	6
June	AOACI	Lettuce	10
July	USDA-PDP	Apples Pears Oranges	1 (Formetanate)
August	USDA-PDP	Grapes	12
September	USDA-PDP	Oranges	12
October	AOACI	Cantaloupe	10
December	QA-Blind spikes	Green beans	6





FEED, FERTILIZER, LIVESTOCK DRUGS, AND EGG REGULATORY SERVICES





PROGRAM SUMMARY

The Feed, Fertilizer, Livestock Drugs, and Eggs Regulatory Services (FFLDERS) Branch supports California's agricultural industries through a wide range of programs. These programs are designed to provide Californians with an abundant supply of clean and wholesome food and fiber. FFLDERS works to ensure that all feed, fertilizing materials, and livestock drugs sold in California are safe, effective, and meet the manufacturers' quality and quantity guarantees. FFLDERS also has a crucial role in the protection of the State's environment by regulating the manufacture and use of the fertilizing materials used in agriculture. Program activities are supported by a tonnage tax on feed and a mill assessment on fertilizing materials.

The Commercial Feed and Livestock Drug Inspection Program is responsible for enforcement of state law and regulations covering the labeling, manufacture, distribution, and use of commercial livestock feed and drugs in California. Inspection and testing programs help prevent toxins and contaminants from entering the food chain.

The industry-funded Safe Animal Feed and Education (SAFE) Program works to improve the safety of commercial livestock feed by fostering a cooperative relationship with the livestock industry. Outreach and education activities of the SAFE Program promote voluntary compliance with the State's laws and regulations that apply to animal feed.

The Commercial Fertilizing Materials Inspection Program is responsible for

regulating the manufacture and distribution of fertilizing materials in California, as well as the registration of fertilizing materials package labels. The Fertilizer Research and Education Program (FREP) funds research to advance optimal agronomic practices for fertilizing materials that maximize efficiency while protecting the environment.

THE PROGRAMS OF THE FFLDERS BRANCH REGULATE ANIMAL FEED, LIVESTOCK DRUGS, FERTILIZING MATERIALS, AND SHELL EGGS THROUGHOUT CALIFORNIA TO SUPPORT THE AGRICULTURAL INDUSTRY WHILE PROTECTING CONSUMERS AND THE ENVIRONMENT.

The FREP also disseminates fertilizer educational materials and information to ensure that California growers have access to the latest information and guidelines.

The Egg Quality Control (EQC) Program provides inspection services for the production and distribution of shell eggs in California. The EQC Program enforces grading and quality control standards, and ensures that all shell eggs are properly labeled, transported, stored, and refrigerated.





FEED AND LIVESTOCK DRUGS INSPECTION PROGRAM

PROGRAM SUMMARY

The Feed Inspection Program (FIP) works in conjunction with the feed industry to ensure a clean and wholesome supply of meat, milk, and eggs in California. Feed and Livestock Drug Inspectors and Special Investigators located throughout the state conduct routine sampling and inspections, conduct quality assurance inspections of manufacturing facilities, respond to consumer complaints, and enforce the feed laws and regulations.

Another primary focus of the inspection program is feed safety. Analyses are run for mycotoxins such as aflatoxins, medication residues, heavy metals, pesticides, toxic minerals, and mammalian protein that is prohibited under the BSE (bovine spongiform encephalopathy) regulations. The FIP also conducts tissue residue investigations stemming from the improper

use and administration of livestock drugs. The program works under a reimbursement contract with the U.S. Food and Drug Administration under BSE rule 21 CFR Parts 589.2000 and 589.2001.

The FIP is entirely industry-funded. Manufacturers and distributor of commercial feed are required to hold a license for each business location. Any person who distributes commercial feed to a consumer-buyer in California is required to pay an inspection tonnage fee on commercial feed sold. There is an exception for whole grains and whole hays when unmixed. The FIP lowered the tonnage tax from 0.12 to 0.9 cents per ton effective July 1, 2009.

The Livestock Drug Program regulates over-the-counter livestock drugs. A Livestock Drug Registration Certificate must be obtained for each over-the-counter livestock drug before it is offered for sale in California. Fees collected from licensing and registrations fund this program. The program reviews livestock drug data for safety and efficacy.

Livestock drug labels are also reviewed for regulatory compliance. The labeling requirements specifically identify route, dosage, and withdrawal information to eliminate any drug residue in food products derived from livestock animals. Each location that offers restricted livestock drugs for sale must hold a license with the State of California and maintain records of drug sales.

Distribution of Feed Licensees		
Location	Number	Percentage
California	875	51%
Other US States	753	44%
International	77	5%
Total	1,705	100%



TRENDS AND ISSUES FOR 2010

Even though economic conditions improved in 2010, the impact of the recession continues to affect the commodity process, agricultural markets, and the dairy industry, as consumers focus on formulating their feed rations on a least-cost basis. This poses a growing challenge to the Feed Inspection Program, as investigative staff are finding an increase in the amount of unapproved feed ingredients in the channels of trade by firms trying to reduce the cost of feed inputs.

In 2010 almond hulls proved to be the most problematic of all feed ingredients due to exposure to unseasonable fall showers. As a result, program investigators were busy following up on complaints of almond hulls

with moisture damage. The feed inspection program quarantined approximately 1,210 tons of almond hulls for quality issues, damage, and adulteration with aflatoxin. FIP continued to proactively conduct workshops for the almond hullers and brokers. At these workshops, FIP staff stressed the requirement that almond hulls meet all regulatory specifications. They also provided quality assurance information to help ensure compliance.

In 2010, the Feed Inspection Program continued to make progress with high-violating firms through comprehensive sampling summary reports detailing firms with the highest violation rates. These summary reports enabled the program to objectively align investigative staff and sampling parameters based on a risk assessment of commodities and manufacturing practices. Formal contracts with universities in northern and southern California such as the one established in 2008/09 with the University of California, Riverside, Animal Health and Food Safety Laboratory will continue. The contract scope includes testing for *E. coli* and *Salmonella*, including poultry layer rations. Analysis of these products supports the program's top priority of feed and food safety.

ALMOND HULLS DAMAGED BY LATE AUTUMN RAINS WERE A PROBLEM IN 2010. ROUGHLY 1,210 TONS OF ALMOND HULLS WERE QUARANTINED BY FIP INSPECTORS BECAUSE OF QUALITY DEFECTS AND AFLATOXIN ADULTERATION. IN RESPONSE, PROGRAM STAFF CONDUCTED WORKSHOPS FOR HULLERS AND BROKERS.



FEES

A license fee on manufacturers and distributors of commercial feed is used to support the operation and growth of the program. Commercial Feed Law sets the annual license fee at \$300.00. In addition to the license fee, a tonnage fee of \$0.09/ton is collected quarterly from industry. The license and tonnage fees support program inspection activities.

Another industry-funded program under FIP is the Livestock Drug Registration Program. A biennial label registration fee of \$180.00 per product is used to monitor compliance, distribution, and use of livestock drugs. A restricted drug license fee of \$25.00 per year is also collected. These fees support FIP operations to track and monitor the sale of restricted livestock drugs in California.

ACCOMPLISHMENTS FOR 2010

The Commercial Feed Inspection Program investigators recalled and quarantined several tons of Calf Milk Replacer containing Hexamethylene Tetramine. This chemical is a flammable solid and is not an unapproved feed ingredient. The product was disposed of and no animal health incidents were reported.

The Feed and Livestock Drugs Inspection Program contracts with the US FDA each year to perform 125 BSE and 75 tissue residue investigational assignments. 2010

proved to be an exemplary year as FIP investigators and inspectors completed the contract requirements well within the allotted time frame.

The program continues to promote a coordinated sampling plan with incoming feed sources at the border stations. Enhanced communication efforts between the Feed and Livestock Drugs Program and other CDFA branches, such as Animal Health and Food and Safety, and Meat and Poultry Inspection, have enhanced intra-agency efforts to maximize the effectiveness of food safety measures.

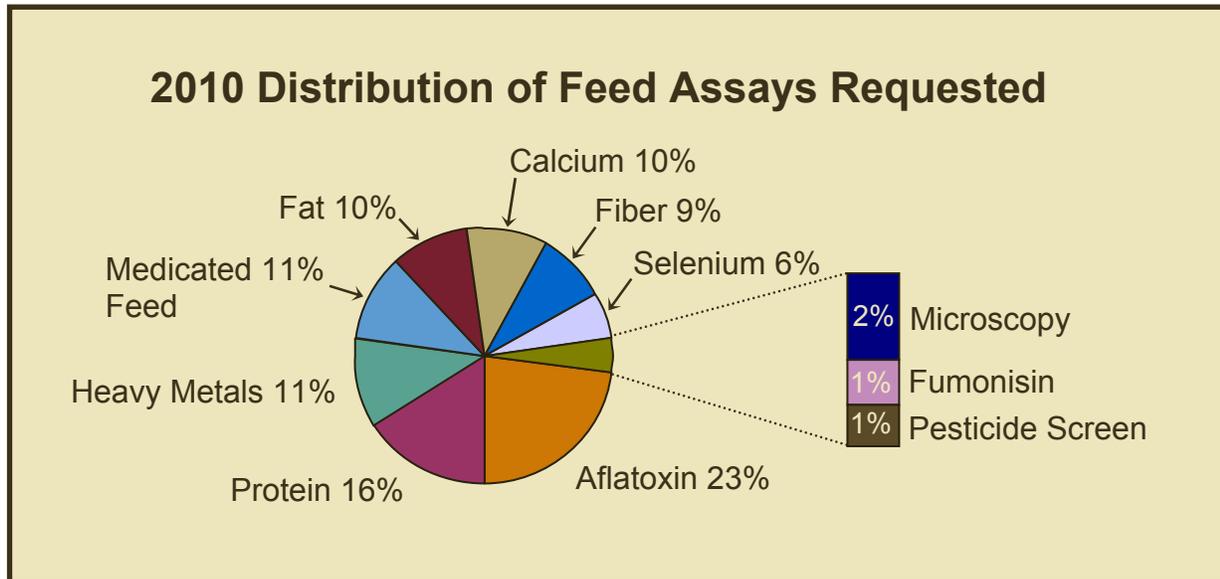
All FIP staff members have now received the Department of Texas State Chemists Hazard Analysis Critical Control Points (HACCP) training. The training was conducted in April 2010, at the Texas A and M University. In addition, all FIP staff members have now been trained in the requirements of the US FDA Cosmetic Act requirements as they apply to program activities.

2010 Feed Inspection Program by the Numbers	
Total Samples	1,216
Total Quarantines	59
Total Complaints	72



Kent Kitade, a Program Supervisor with the Feed Inspection Program, completed his term as President of the Association of American Feed Control Officials (AAFCO). AAFCO is a national organization whose membership includes representatives from all of the state feed inspection programs, the US Food and Drug Administration, Puerto Rico and Costa Rico. AAFCO is a volunteer, non-regulatory, non-profit body that develops model legislation, programs, and policies. These models are adopted by

the federal and state agencies to promote regulatory uniformity across the country and provide the highest assurance possible for the safety of the nation's food and feed supply. Kent's eighteen-month tenure as AAFCO president ensured that California, a leader in the nation's feed industry, continues to have a voice in national feed issues. Congratulations on your successful term in office, Kent, and thank you for your service!

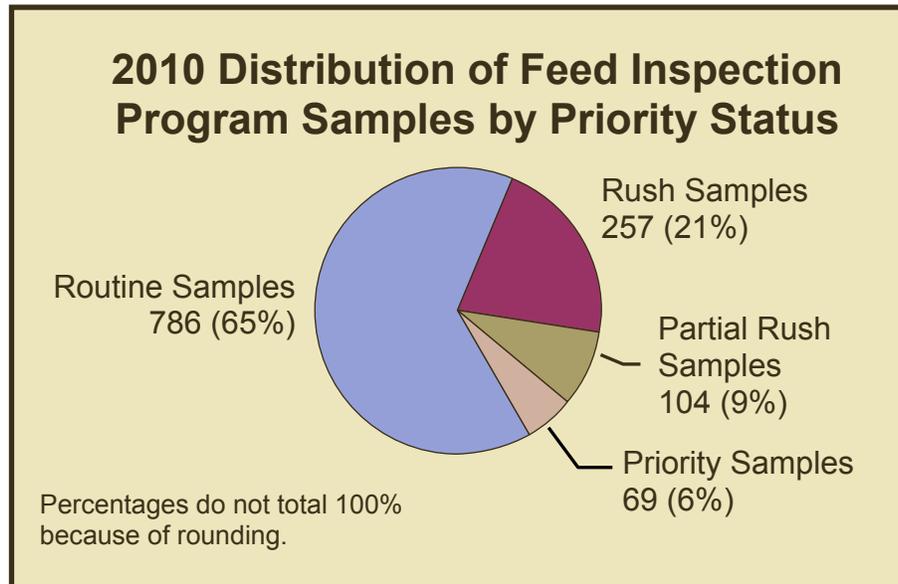


FEED ANALYSES AT THE CENTER FOR ANALYTICAL CHEMISTRY

The Feed group at the Center for Analytical Chemistry performs over sixty different microscopic and chemical analyses on feed samples submitted by FIP inspectors. Microscopic analysis of samples is used to detect the presence of foreign matter such as insect debris and materials prohibited in animal feed. Chemical analyses include nutrients, toxins pesticides, and heavy

metals. The chart above shows the distribution of assays at CAC's Feed lab for the FIP in 2010.

Several different assays are typically requested for each sample. In 2010, CAC Feed group staff performed 5,894 different assays on 1,216 samples submitted by program inspectors.



A majority of feed analyses are routinely completed within 21 days. The time to complete a given sample depends on the assays required and the lab workload. In time-sensitive situations, for example when contamination of animal feed is suspected, samples may be designated for *'Rush'*, *'Partial Rush'*, or *'Priority'* analysis. *'Rush'* samples are completed within 5 days and *'Priority'* samples in 5-14 days. *'Partial Rush'* samples are expedited by the lab within a 14 day time-frame.

To support enforcement of California's strict regulations for aflatoxin contamination of

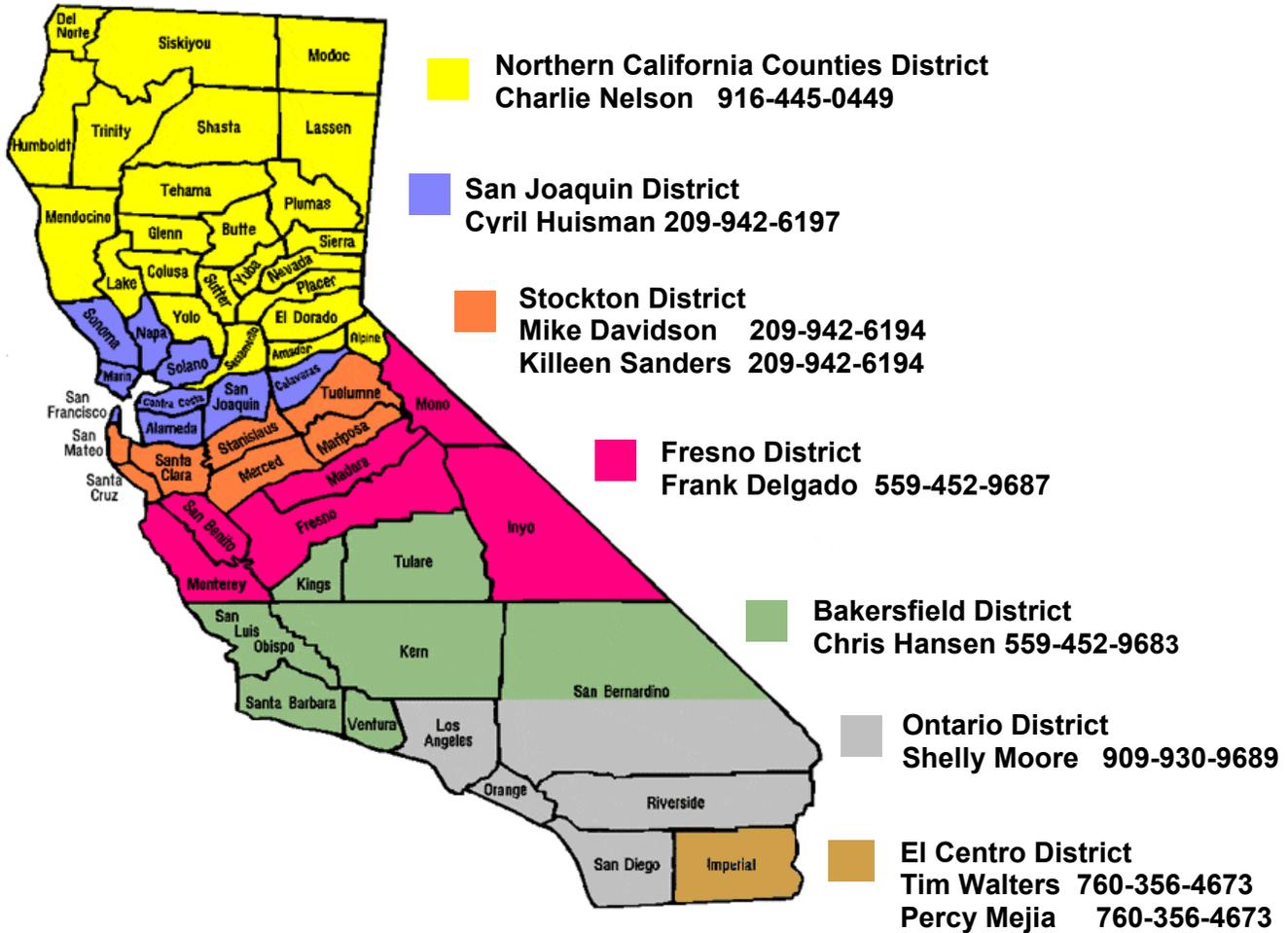
animal feed, special turn-around times are set for aflatoxin analyses. These range from 24 to 96 hours according to the specific feed commodity. For example, whole cottonseed samples are completed with 24 hours, feed corn within 48 hours, and almond hulls within 72 hours. Feed samples that must be dried before being tested for aflatoxin are completed within 96 hours.

The chart above shows the number and priority status of samples submitted to the Feed lab in 2010. Of the total of 1216 samples, 65% were submitted with *'Routine'* priority.





Feed and Livestock Drugs Inspection Program Districts





SAFE ANIMAL FEED EDUCATION PROGRAM

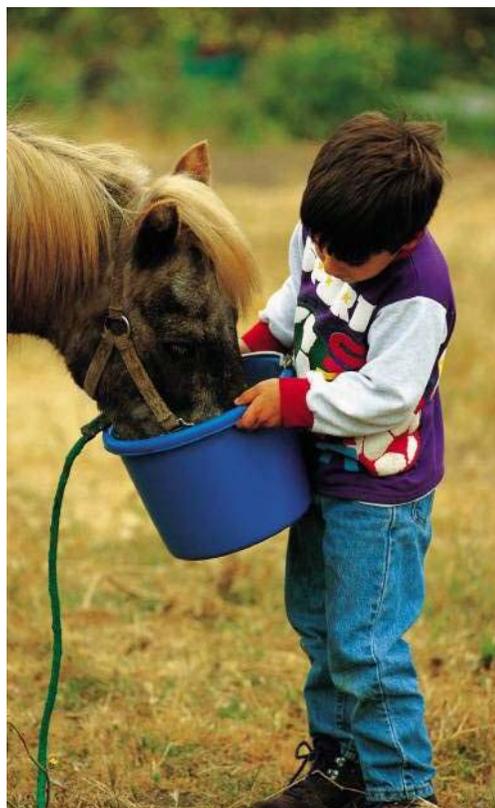
PROGRAM SUMMARY

The Safe Animal Feed Education (SAFE) Program, established in 2005, is entirely industry-funded. The program was developed in collaboration with the commercial feed industry to promote a cooperative relationship to ensure the safety of animal feed in California.

The SAFE Program consists of two components:

1. Outreach and Education
 - Proper use of medicated feed
 - Biosecurity
 - Proper handling and use of concentrated feed supplements
 - Compliance with a federal rule that is designed to prevent bovine spongiform encephalopathy (BSE)
2. Comprehensive Voluntary Feed Quality Assurance Audits
 - Staff conducts a 380-point voluntary feed quality assurance audit

THE SAFE ANIMAL FEED EDUCATION PROGRAM WAS ESTABLISHED IN 2005 TO HELP ENSURE THE SAFETY OF LIVESTOCK FEED IN CALIFORNIA. THIS FOCUS OF THIS INDUSTRY-FUNDED PROGRAM IS ON THE PROPER USE OF MEDICATED FEED PRODUCTS, COMPLIANCE WITH REGULATIONS INTENDED TO PREVENT BOVINE SPONGIFORM ENCEPHALOPATHY), AND THE PREVENTION OF MYCOTOXIN CONTAMINATION IN ANIMAL FEED.



The SAFE Program conducted a mycotoxin survey on corn grain sold in California. As a result of the study findings, the Feed Inspection Program continues to sample grains for mycotoxins on a regular basis. Routine aflatoxin and fumonisin testing is an integral part of the program's efforts toward feed safety. Aflatoxins are produced by many species in the fungal genus *Aspergillus*, and are recognized as highly potent carcinogens. Aflatoxins are found in crops around the globe, and contaminate up to 25 percent of the world's food supply. California has one of the most stringent tolerance limits on aflatoxins in animal feeds to prevent aflatoxin from contaminating milk.



QUALITY ASSURANCE AUDITS

The review of operations includes:

- Evaluation of manufacturing practices
- Quality assurance protocols
- Process controls
- Ingredient storage
- Record keeping
- Product labeling
- Compliance with laws and regulations



ACCOMPLISHMENTS FOR 2010

The SAFE Program continued recognition of several feed mills with a certificate of acknowledgement for outstanding scores on the SAFE Feed Quality Assurance Audit, recognizing Hazard Analysis and Critical Control Principles, Standard Operating Procedures, and Good Manufacturing Practices. The Program also conducted 4 on-

farm mixer studies and 4 feed mill mixer profiles throughout the State. The on-farm Mixer Studies provide dairy farming operations with information on how thoroughly their feedstuffs are being mixed and distributed in the feed wagon to separate pens of milking cows. The feedmills mixer profile, conducted on a voluntary basis, gives firms a detailed look at how effectively their feed mixer is producing an even, uniform mix of feed throughout an entire load or batch, as required for regulatory compliance. The information provided to participating firms included: protein, moisture, mineral concentrations, and medication levels of the feed being manufactured.

2010 SAFE Program Activities	
SAFE Audits	6
Medicated Feed Inspections	5
Formula Feed Inspections	3
On-Farm Mixer Studies	4
Feed Mill Mixer Profiles	4

SAFE also worked with the Animal Health Branch to conduct university outreach at California colleges, including Cal Poly San Luis Obispo and CSU Chico.



FERTILIZING MATERIALS INSPECTION PROGRAM

PROGRAM SUMMARY

The Fertilizing Materials Inspection Program (FMIP) is responsible for regulating the manufacture, distribution, and sale of fertilizing materials in California. The program ensures that consumers receive fertilizing materials that are safe and effective and meet the manufacturer's quality and quantity guarantees.

TRENDS/ISSUES FOR 2010

LICENSING

All manufacturers and distributors of fertilizing materials are required to obtain a license from the program prior to engaging

THE FERTILIZING MATERIALS INSPECTION PROGRAM LICENSES THE MANUFACTURERS AND DISTRIBUTORS OF FERTILIZING MATERIALS. THE PROGRAM APPROVES PRODUCT LABELS, AND INSPECTS PRODUCTS TO ENSURE THAT CONSUMERS BUY PRODUCTS THAT ARE SAFE AND EFFECTIVE, AND MEET THE GUARANTEED QUALITY AND COMPOSITION.

in any fertilizer related activities. In 2010, the program maintained 2,191 licenses of fertilizer manufacturers and distributors; 1,197 of these licenses were for manufacturers and distributors in California, 828 for manufacturers and distributors in other U.S. states, and 166 licenses were international.

The table to the left shows the distribution of these licenses within and outside of California. Licenses are valid for a two-year period and December 31, 2010, marked the expiration of all licenses. Renewals commenced January 1, 2011, at a cost of \$100 per license and will be valid until December 31, 2012. License renewal notices were distributed to all licensees by the FMIP.

Distribution of Fertilizer Licensees

Location	Number	Percentage
California	1,197	54%
Other US States	828	38%
International	166	8%
Total	2,191	100%



REGISTRATION

Fertilizing materials are sold and distributed with a product label containing information about the product, such as weight, grade, and analysis. These labels must be approved and registered by the FIMP. In 2010, 4,419 product labels were registered with the program. The chart to the left below shows the product labels reviewed and registered for the different categories of products.

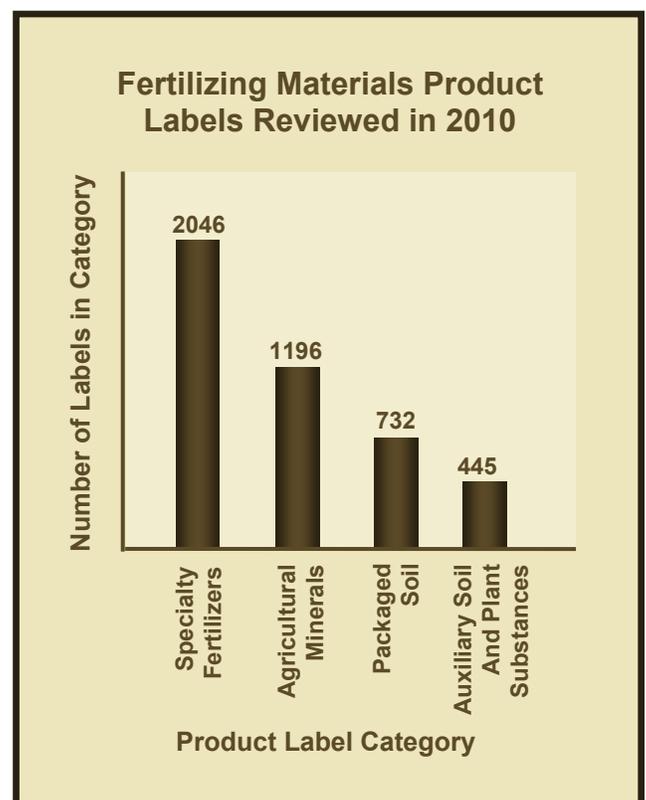
DOCUMENTATION

Registrants are required to submit the product label, a registration fee of \$500, and provide the following supporting documents:

- Complete formula of material (both active and inactive ingredients)
- Complete description of the manufacturing process for each ingredient
- Complete description of the manufacturing process for the final product
- Intended use of the product
- Supplier of ingredients
- Alternate formulation
- Third-party formulated ingredients
- Any additional information supporting compliance with the National Organic Program Standards

In some cases, conventional and organic fertilizer registrants must submit efficacy data from experimental field trials using the products to verify label claims. The program's lead scientist reviews these

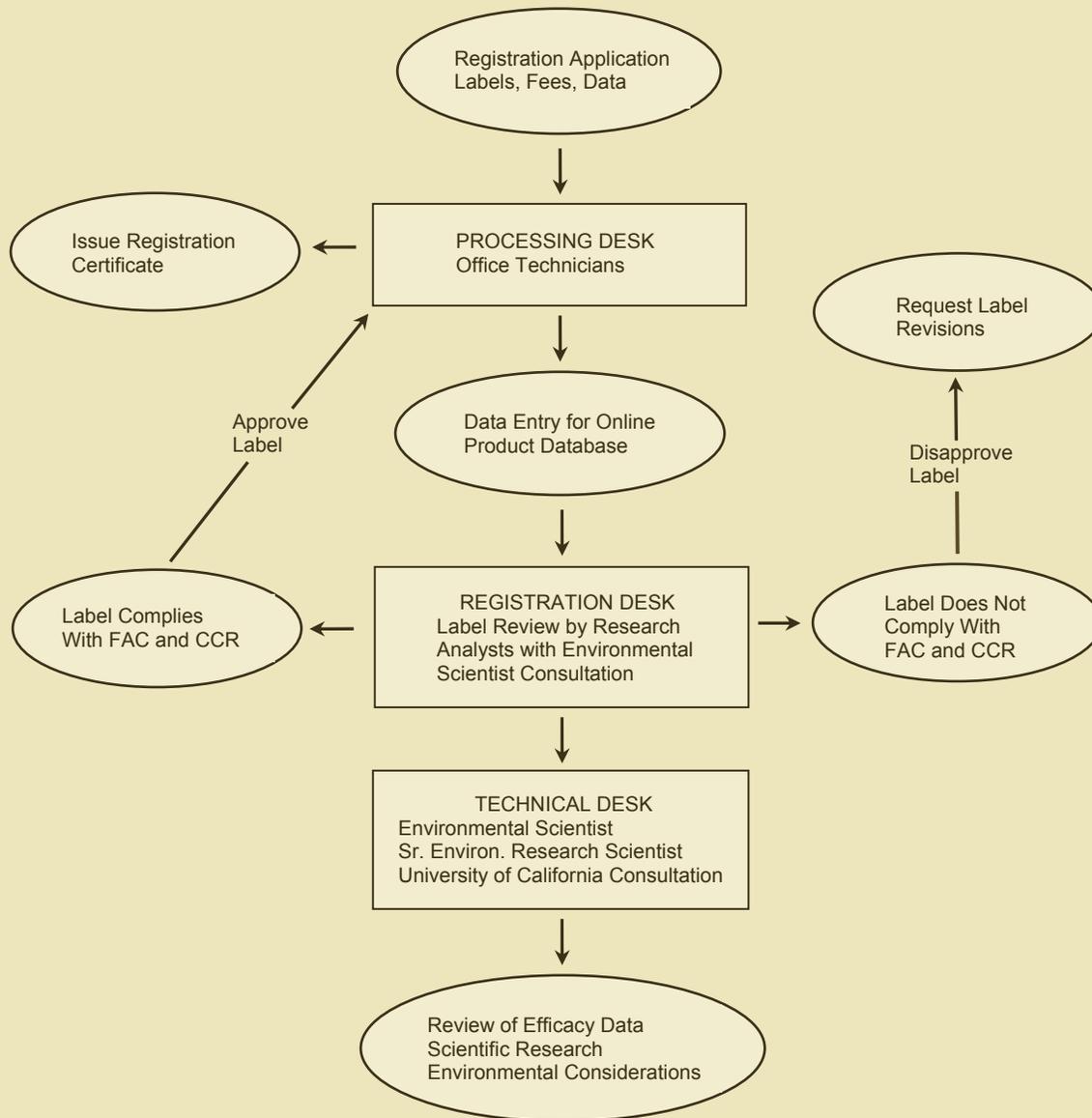
The FMI program reviews both conventional fertilizer labels and fertilizer labels used for organic food and crop production. Organic Input Material will require review by FMIP registration staff for compliance with the National Organic Program Standards.



claims and makes a determination on their validity. The FMIP program also consults with the University of California, Davis to obtain feedback on efficacy data.



Fertilizer Label Registration and Review



This flowchart shows the fertilizer label registration and review process. Rectangles indicate a processing unit and the ovals indicate action items.



FERTILIZER SAMPLING AND INSPECTION

With the support of the fertilizer industry, the Fertilizing Materials Inspection Program (FMIP) has been mandated by the legislature to inspect and sample fertilizer products and verify that label nutrient guaranteed analyses are met and that products do not contain excessive levels of non-nutritive metals. The program emphasizes focused and targeted

sampling. This means that the majority of samples obtained are not selected at random, but because of other factors. These include noncompliant labeling, unregistered products, products from unlicensed manufacturers, lab analysis history, or products new to the marketplace.

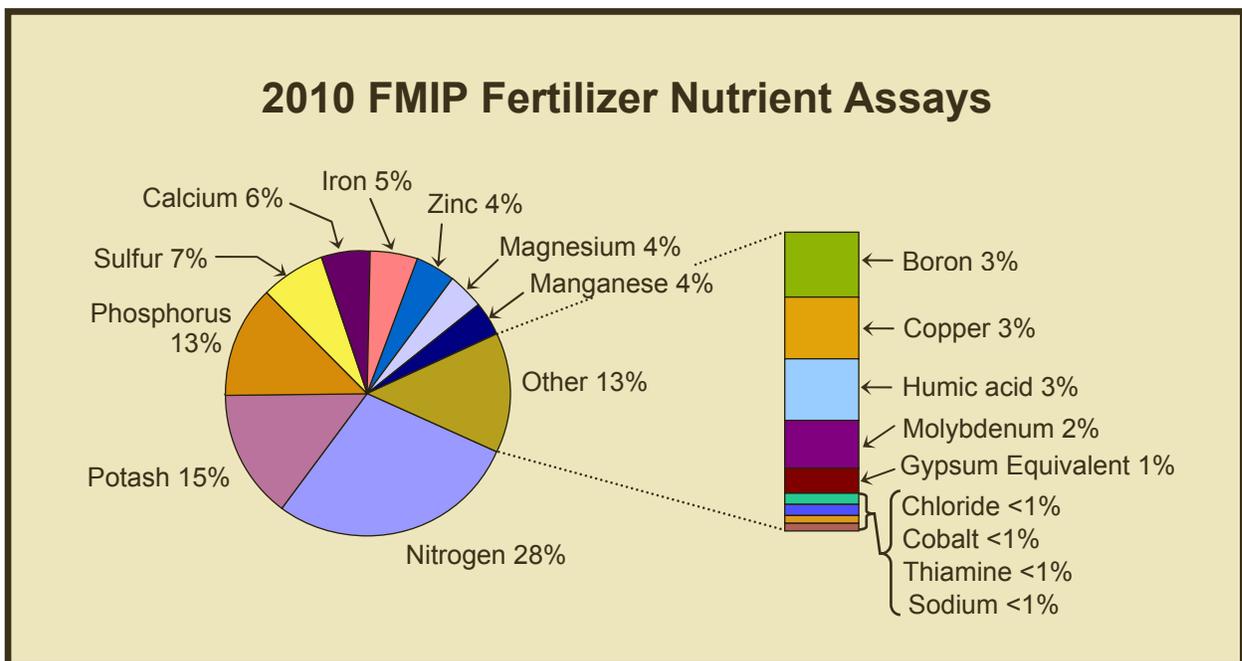
FERTILIZER ANALYSES AT THE CENTER FOR ANALYTICAL CHEMISTRY

In 2010, the program's inspectors collected samples of 1,142 fertilizing material products for analysis by the Fertilizer group at the Center for Analytical Chemistry. These included 1084 official samples and 58 investigative samples. These samples were obtained from 337 fertilizing material manufacturers (or manufacturing locations).

performed at the CAC laboratory on these samples. The chart below illustrates the distribution of these assays by analyte. In 2010, 56% of all assays completed were for the three primary macronutrients (Nitrogen (in all forms), Potash (Phosphorus), and Potassium).

A total of 6,392 different individual plant nutrient and ingredient assays were

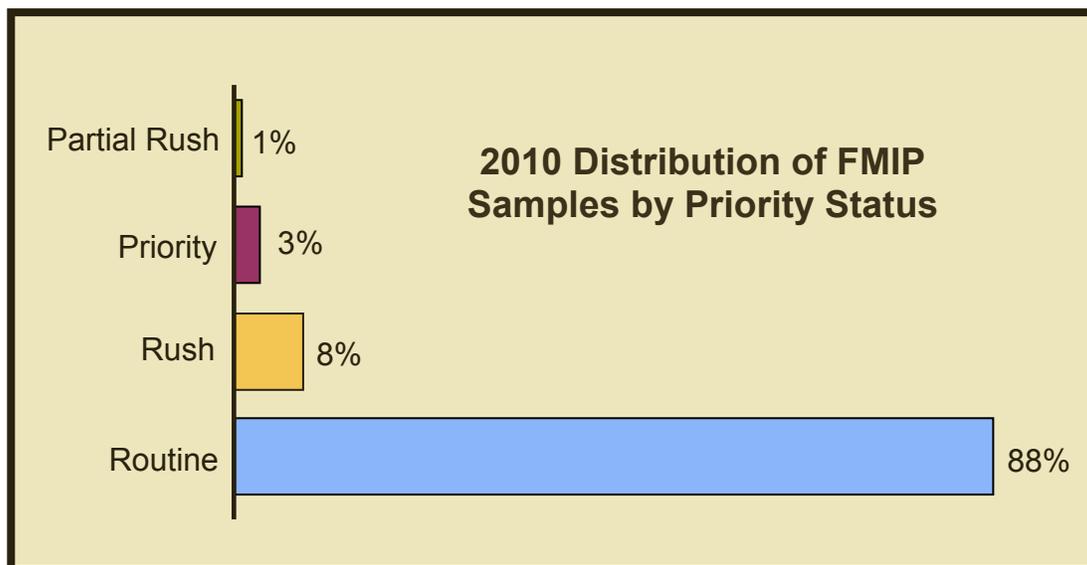
Lab analyses of routine program samples are completed within 21 days according to the assays required and the lab workload. In





time-sensitive situations, samples may be designated for *Rush*, *Partial Rush* or *Priority* analysis. *Rush* samples are completed within 5 days and *Priority* samples in 5-14 days. Samples designated as

Partial Rush are expedited by the lab within a 14 day time-frame. The chart below shows the distribution of priority status of samples submitted in 2010. The majority of samples (88%) were submitted with routine priority.



In addition to regular sampling of fertilizing materials, the FMIP's field staff also:

- Perform facility inspections
- Educate the industry on licensing, registration and labeling requirements
- Respond to complaints (industry and consumer)
- Conduct investigations of alleged fertilizer-based crimes
- Examine heavy metal analysis and remediates products with excessive levels
- Verify manufacturer licensing and product registration
- Ensure labeling compliance
- Quarantine non-compliant products and issue citations using regulatory authority

In 2010, the program's field staff included four special investigators, two inspectors, and one agriculture technician. Together, they possess over 75 years of combined agricultural experience. The map on the next page shows the geographic distribution of the field staff throughout the different regions of California. Field staff members may coordinate work across regions for complex investigations.

The regional boundaries are based on fertilizer use and crop distribution in the state, compiled as part of the 2008 strategic planning study for the Fertilizing Materials Inspection Program. The laws that govern FMIP require the program to maintain and publish an annual report on the distribution of fertilizing materials within the state. The program publishes the tonnage distribution report in the state every six months. This



report identifies tons of nitrogen, phosphorus, and potassium used from either January to June or July through December. The same time periods are used to identify distribution of tons of agricultural minerals by use (e.g., farm or non-farm use), by form (e.g., liquid or dry), by county, by different types (e.g., sodium nitrate or potassium sulfate), and by comparison of current use trends with previous years.

According to the most recent data compiled for the tonnage report, approximately 3.9 million tons of fertilizers were distributed in the state from January to June 2010 and 3.8 million tons of fertilizers were distributed from July to December 2010. These reports are made available to the public through university libraries and other institutions and organizations.

Fertilizing Materials Inspection Program Districts





FEES

An industry-funded assessment and fee on the sale of fertilizing materials is used to support the operation and growth of the program. Currently, the assessment is 1 mill (\$ 0.001) per dollar of fertilizer sales. In addition, a new license and fertilizing

materials label registration fee is \$100. Label registration renewal fees are \$100, and the license renewal fee is \$50. These assessments and fees support the licensing, product label registration, inspections, and daily operations of the program.

ACCOMPLISHMENTS FOR 2010

The program rolled out a new online FFLDERS database, which licensees can use to renew licenses, register products, report tonnage, pay mill assessments, and see the status of submitted registrations. The database can be accessed via the Internet at <https://inspect.cdffa.ca.gov/evj/ExtraView>.

The program held a Fertilizing Materials Licensing and Registration Workshop in Sacramento on October 27, 2010. Ninety participants involved with different aspects

of the fertilizer industry attended this free program. The purpose of the workshop was to educate members of the fertilizer industry about the state laws and regulations including the provisions of AB 856 law and the regular functions of the FMIP. Other workshop topics included licensing, label requirements, label registration, tonnage reporting, mill assessments, and the interpretation of sample analysis reports.

IMPLEMENTATION OF AB 856

BACKGROUND INFORMATION

AB 856 was introduced in response to CDFA's investigation of an organic fertilizer manufacturer that was adulterating a liquid fertilizer with an unapproved ingredient. In consultation with the Fertilizer Inspection Advisory Board (FIAB), CDFA reviewed the incident and identified gaps in its authority to regulate fertilizing materials used for organic crop and food production.

ON JANUARY 1, 2010, AB 856, CALIFORNIA'S NEW ORGANIC INPUT MATERIALS LAW, TOOK EFFECT. THE FERTILIZER MATERIALS INSPECTION PROGRAM IS RESPONSIBLE FOR IMPLEMENTATION OF THIS LAW. AB 856 PROTECTS BOTH CALIFORNIA'S CONSUMERS AND THE STATE'S ORGANIC PRODUCE INDUSTRY BY ENSURING THAT FERTILIZING MATERIALS LABELED ORGANIC ARE SAFE, EFFECTIVE, AND CONFORM TO THEIR LABEL GUARANTEES.



PURPOSE OF AB 856

AB 856 addresses industry concerns about fertilizing materials used in the production of organic food and crops. The main goal of AB 856 is to ensure the integrity and composition of organic input materials (OIM) that are used for organic food and

crop production in California. The new law fills gaps in CDFA's authority to regulate fertilizing materials used for organic food and crop production. It provides CDFA with enhanced enforcement authority to achieve regulatory compliance.

FERTILIZING MATERIALS INSPECTION ADVISORY BOARD AB 856 SUBCOMMITTEE

In June 2010, the Fertilizer Inspection Advisory Board (FIAB) formed the AB 856 Subcommittee. This Subcommittee included representatives from the FIAB, the composting industry, organic input manufacturers, accredited certifying agents (CCOF and ASCO), organic growers, trade associations, and CalRecycle. The FIAB Subcommittee was formed to develop the regulatory framework needed to implement the provisions of AB 856 (Ch. 257, Stats. of 2009), and identify oversight and implementation issues.

The FMIP worked with the industry in a transparent process to formulate an implementation plan for the provisions of AB 856. CDFA, the FIAB, and its AB 856 Subcommittee have resolved key issues pertaining to compost regulation as it affects nutrient guarantee, lab reports, and nutrient variability. Representatives of the composting industry on the AB 856 Subcommittee are recommending that their members register their organic materials with CDFA. The FIAB has also accepted key recommendations from the AB 856 Subcommittee on the scope of the OIM definition, the OIM custom blend label review, the site inspection procedures, the audit checklist for on-site inspection in



California, the proposed regulations/civil penalty matrix to enhance uniformity and cohesion, and label registration fees.

On February 2, 2011, the program held an Organic Input Material-focused workshop attended by 80 organic input manufacturers and distributors. The program has also met with USDA National Organic Program (NOP) staff to update the USDA-NOP on the CDFA implementation plan for AB 856 provisions and to chart a road map for a formal recognition of CDFA Organic Input Material Program by the NOP.



FERTILIZER RESEARCH AND EDUCATION PROGRAM

PROGRAM SUMMARY

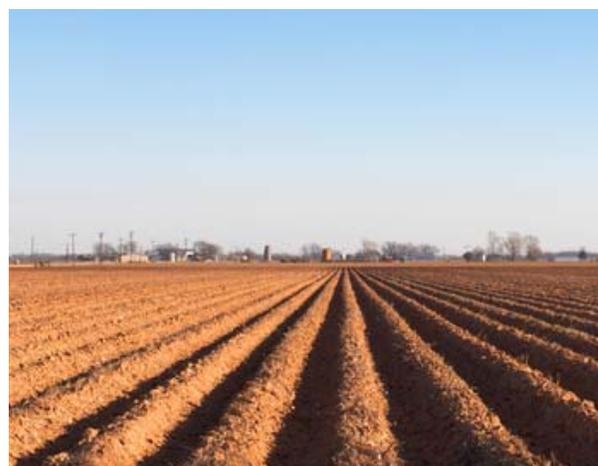
The Fertilizer Research and Education Program (FREP) facilitates and coordinates research activities by providing funding for fertilizer research and development and by disseminating fertilizer educational materials and information. FREP is designed to serve farmers and other users of fertilizing materials, agricultural service professionals, university extension personnel, public agencies, and agricultural consultants. In fact, one of FREP's key goals is to ensure that research results generated from the program are distributed to and used by farmers and the fertilizer industry.

The Technical Advisory Subcommittee (TASC) of the Fertilizer Inspection Advisory Board (FIAB) directs FREP activities. This subcommittee includes growers, fertilizer industry professionals, state government scientists, and university extension and research personnel. With guidance from the TASC, FREP reviews proposals for research and education projects. After peer review, FREP makes recommendations to the FIAB for annual funding of a limited number of these proposals.

TRENDS AND ISSUES FOR 2010

Each year, the TASC determines specific research priorities to fund in the following year. In 2010, the following research priorities were identified:

- Updating nutrient requirements
- Increasing fertilizer efficiency through cost-benefit analysis
- Improving fertilizer efficiency in drip irrigated micro-irrigation systems
- Devising innovative techniques to improve fertilizer use efficiency

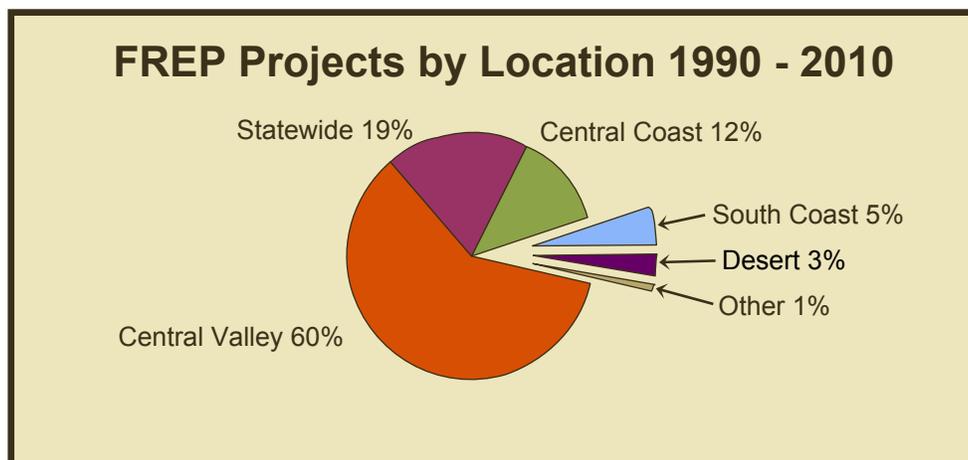




The TASC uses these guidelines to determine which projects receive funding for the following year. However, because much FREP research has been broadly

applied, other research areas are also considered by the TASC for funding. These include:

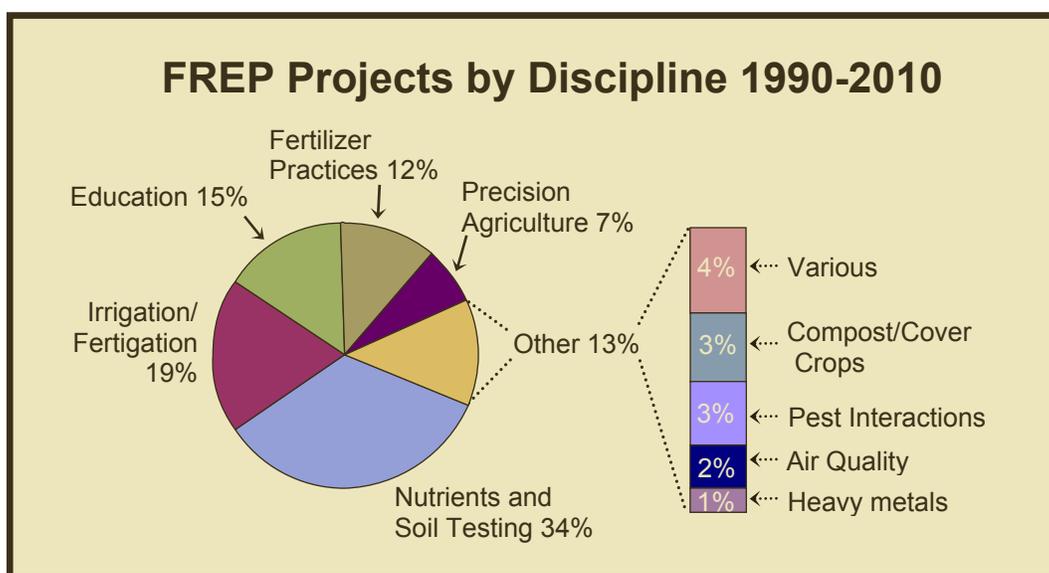
- Site-specific fertilizer technologies: Demonstrating and quantifying applications for site-specific crop management technologies and best management practices related to precision agriculture.
- Diagnostic tools for improved fertility/fertilizer recommendations: Developing field and laboratory tests for predicting crop nutrient response that can aid in making fertilizer recommendations.
- Nutrient/pest interactions and nutrient/growth regulator inter-actions: Demonstrating or providing practical information to growers and production consultants on nutrient/pest interactions.
- Education and public information: Creating and implementing educational activities that will result in adoption of fertilizer management.
- Practices and technologies that improve impaired water bodies. FREP funding can also be used for different types of activities including on-farm demonstrations that exhibit improved profitability, reduced risk, or increased ease of management.
- Educational programs: Developing programs to educate growers, fertilizer dealers, students, teachers, and the general public about the relationships between fertilizers, food, nutrition, and the environment.
- Preparation of publications, slide sets, videotapes, conferences, field days, and other outreach activities, and additional areas that support FREP's mission, such as air quality, tillage, crop rotation, economics of fertilizer use, and cropping systems.





FREP began funding projects in 1990. Projects have been funded throughout the State; however, the majority of FREP projects have been located in the Central Valley. Projects funded have also ranged widely in scientific discipline and agricultural commodity. The two areas of nutrient testing and irrigation/fertigation studies have made up over 50 percent of the projects funded. The distribution of projects

focusing on the various agricultural commodities is more evenly distributed. Vegetable, field, fruit, and multiple crop projects have all been funded in equal proportion. The accompanying charts on pages 48-50 show the distribution of FREP funded projects among geographic regions, scientific disciplines, and agricultural commodities since FREP was established in 1990.



The greenhouse gas nitrous oxide is generated as a result of the application of nitrogen fertilizers in agriculture. This contribution to the State's greenhouse inventory was evaluated by the California Air Resources Board (CARB) as part of its implementation of Assembly Bill 32, (Nunez, Chapter 488, Statute as of 2006). This act requires CARB and the California Energy Commission to develop reduction measures for environmental greenhouse gas generation in all economic sectors.

Scientists from FREP and the Fertilizing Materials Inspection Program collaborated with CARB to fund research to identify fundamental gaps in the understanding of nitrous oxide generation from the use of fertilizer use in agriculture. The 2010 FREP grants included funding to determine the baseline nitrous oxide levels generated from different agricultural crops grown with and without nitrogen fertilizers. This research is expected to be completed in 2012.

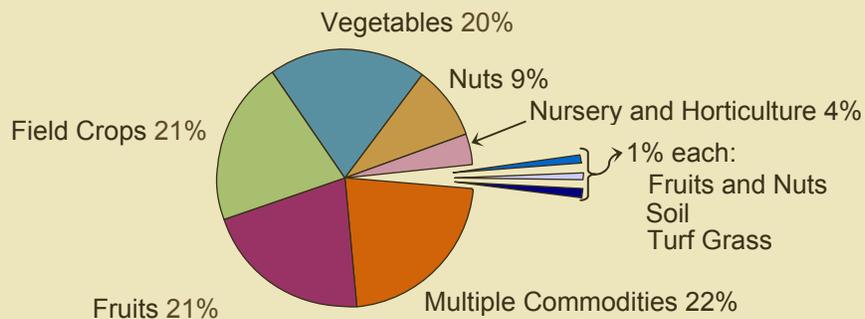


Other proposals funded by FREP in 2010 are shown in the following table.

FREP Proposals selected in 2010 for funding from 2011 to 2014:

- *Development of leaf sampling and interpretation methods for Almond and Pistachio.*
- *Development of a Nutrient Budget Approach To Fertilizer Management In Almond.*
- *Irrigation and Nitrogen Management Web-based Software for Lettuce Production.*
- *New comprehensive, multi-lesson unit that will educate students in grades 8-12 about the relationships between fertilizers, food, plant nutrition, and the environment.*
- *Adjustable-Rate Fertigation for Site-Specific Management to Improve Fertilizer Use Efficiency.*
- *Nitrogen Fertilizer Loading to Groundwater in the Central Valley.*
- *Relationship of soil K fixation and other soil properties to fertilizer K rate requirement.*
- *Nitrogen Research and Groundwater Management Education Program.*
- Funding is generally limited to \$50,000 per year for up to three years.
- Large, multi-disciplinary projects may be considered at higher funding levels.

FREP Projects by Commodity 1990-2010

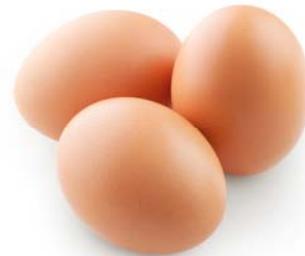




SHELL EGG QUALITY CONTROL PROGRAM

PROGRAM SUMMARY

The Shell Egg Quality Control (EQC) Program inspects and regulates egg quality at the production, wholesale, and retail levels. The goal is to provide California consumers with eggs that are wholesome, properly labeled, refrigerated, and of established quality and grade, while maintaining fair and equitable marketing standards in the California egg industry. The program is funded through mill assessment and registration fees paid by the in-state and out-of-state shell egg producers,



packers, and shippers. The EQC program also partners with county agricultural commissioners to inspect production, wholesale and retail operations. This program also enforces and controls the movement of restricted and inedible eggs through the USDA Shell Egg Surveillance Program.

PROGRAM ORGANIZATION

The Egg Quality Control Program is divided into three regional areas: the Northern/Coastal, Central District, and Southern Districts. Each district supervisor is responsible for training and oversight of county inspectors in their district. The EQC



contracts with 16 counties statewide - seven counties in the northern/coastal district, four counties in the central district, and five counties in the southern district - to perform shell egg inspections at the egg production, wholesale, and retail outlets in their respective counties. Contracts vary from county to county, depending on the type of inspection work performed: production, wholesale, retail, and federal shell egg surveillance. The state has been divided into three districts to provide oversight and training to county department of agriculture inspectors. The map on the next page shows the district boundaries, along with contact information for program staff in each district.



TRENDS AND ISSUES OF 2010

In response to the nationwide recall of eggs from Wright County Egg in Galt, Iowa, the California Shell Egg Advisory Committee (SEAC) voted to increase enforcement of all egg inspections, particularly at the wholesale and retail levels. California egg producers who happened to purchase eggs from Wright County found themselves recalling eggs from their customers. The SEAC and the

Pacific Egg and Poultry Association (PEPA) are sponsoring new legislation to increase assessment fees. The higher fees will fund expansion and strengthening of egg grading and food safety inspections to ensure that all eggs produced, imported, and sold to the consumer in California are of healthy and wholesome quality.

ACCOMPLISHMENTS FOR 2010

The EQC Program completed its annual 2010 egg training workshops for county agricultural commissioners' staff. Four regional workshops were conducted: two in Southern California, one in Central California, and one in Northern California. County inspectors are trained on state and

federal laws and regulations to ensure consistency and uniform application of standards throughout California. USDA also provides training for its Shell Egg Surveillance Program. Fifty-two county inspectors participated in the 2010 workshops.

Northern/Coastal District
Jenna Celigija, Supervisor

Email: jceligija@cdfa.ca.gov

Cell: 916-216-8621
Office 916-445-4328
Fax: 916-445-0232

1220 N Street
Sacramento, CA 95814

MAP OF SHELL EGG QUALITY CONTROL DISTRICTS



Central District
Stacey Hughes, Supervisor

Email: SHughes@cdfa.ca.gov

Cell: 559-301-8591 P.O. Box 325
Office/Fax: 559-297-5430 Clovis, CA 93613

Southern District
William (Bill) Rohner, Supervisor

Email: Wrohner@cdfa.ca.gov
Cell: 619-481-0247

Fred Helenini

Email: Fhelenini@cdfa.ca.gov
Cell: 714-746-3788
Office/Fax: 714-848-1340



SUMMARY OF SHELL EGG INSPECTIONS

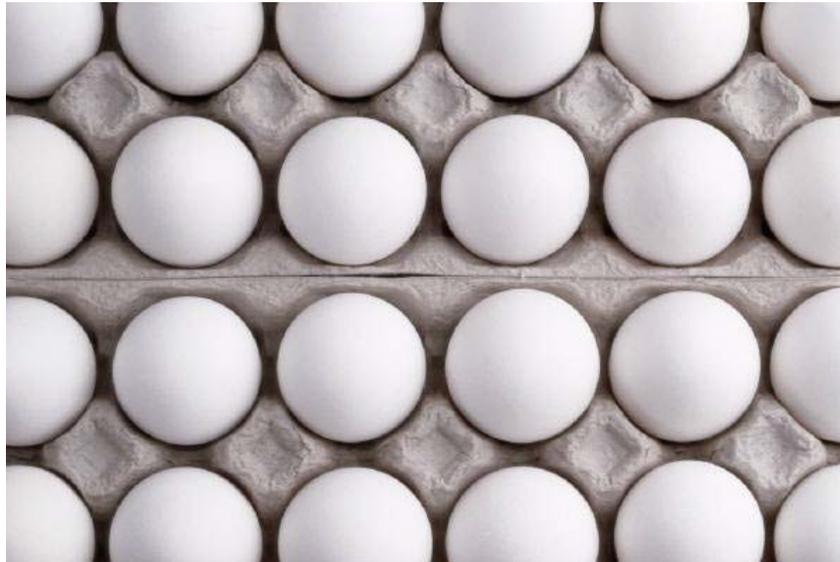
The table below shows a breakdown of county inspection activity statewide for state regulatory enforcement for fiscal year 2009/2010 (from July 2009 through June 2010). The tabulated data is compiled from county reports submitted to the EQC program and consists of inspection work performed at production, wholesale, and retail facilities. Violations (non-compliance) are issued when eggs fail to pass laws and regulations pertaining to shell eggs. Eggs

can be rejected for a number of reasons. Some of the most common type of defect rejections are for Checks (cracked eggs), Dirty (fecal or yolk material adhering to shell), Inedible (any type of rot), Loss (large blood or meat spots, bloody whites), and Combination Defects (multiple defects). These rejected eggs are put “Off-Sale” until they are brought into compliance or disposed of.

Statewide Totals for County Inspections for FY09-10

Activities	Production	Wholesale	Retail	Total
Premises Inspected	686	1421	473	2580
Shell Eggs Inspected	4,075,898	6,709,682	269,616	11,055,196
Violations Issued	123	362	196	681
Combination Defects Rejected	65,067	17,098	4,455	86,620
Inedible Rejected	30	3568	0	3598
Loss Rejected	14,468	15,253	2,531	32,252
Dirty Rejected	17,100	5,007	93	22,270
Checks Rejected	88,031	164,244	12,170	264,445
Misc. Rejected	25,041	512,348	10,678	548,067

(Units for egg inspections and rejections are in dozens.)



FEDERAL SHELL EGG SURVEILLANCE PROGRAM

All producers with 3,000 or more birds must register with USDA under the Shell Egg Surveillance Program. Also, any company that repacks and re-grades eggs is considered a Grading Station and must also register. These facilities are inspected once a quarter to control the use and movement of restricted and inedible egg product. Hatcheries are also inspected once a year under this program. These inspections are performed under a reimbursable contract with USDA. State and county inspectors must be licensed by USDA to perform this type of work. Any eggs retained for grading violation require a release visit, and whenever eggs are retained, a follow-up visit is required as well. The table to the right shows the numbers from the Federal Shell Egg Surveillance Program for 2010.

Federal Shell Egg Surveillance Program Numbers for 2010	
Producers and Grading Stations:	55
Hatcheries:	19
Hatchery Visits Per Year:	19
Initial and Quarterly Visits:	230
Release Visits Per Year:	16
Follow-Up Visits Per Year:	22



INSPECTION AND COMPLIANCE





PROGRAM SUMMARY

The Inspection and Compliance Branch oversees the fair and orderly marketing of agricultural commodities in California. The six main programs of the Branch are designed to protect producers, packers, shippers, and processors, while ensuring the quality of both fresh and processed fruits and vegetables offered to California's consumers. All program activities are supported by fees and assessments paid by the State's agricultural industry.

The Shipping Point Inspection Program provides third-party grading and certification services to California's fruit, nut, and vegetables industries. This industry-funded program provides a nationally and internationally recognized grading and certification service to producers, packers, shippers, and processors. In this way, the program maintains a structure for the orderly and fair marketing of agricultural commodities in California.

The Standardization Program enforces the laws and regulations governing minimum standards for maturity, quality, size, and packaging for more than thirty major agricultural commodities.

The Direct Marketing Program (formerly named the California Farmer's Market Program) provides opportunities for certified producers to directly market their

agricultural products at certified farmers' markets (CFMs) throughout the state. The Program permits the sale of produce directly to the public without disruption of the normal flow of commercial wholesaling.

The California State Organic Program (SOP) is responsible for enforcing the State and Federal laws and regulations governing the labeling and sale of organic agricultural products. These laws include the Federal Organic Foods Production Act of 1990, the California Organic Products Act of 2003 (COPA), and additional State and Federal organic regulations. These statutes and regulations establish standards for the labeling and sale of fresh agricultural products as organic. The Department's continued support and enforcement of organic farming and production methods provide an opportunity for consumers to purchase products that meet with nationally recognized organic standards.

The California Citrus Program and the Avocado Inspection Program are responsible for the enforcement of standards for size, weight, maturity, and other requirements for their respective commodities. Their goal is to protect both industry and consumers by providing uniform inspection to ensure that all products comply with minimum standards of quality.





SHIPPING POINT INSPECTION PROGRAM

PROGRAM SUMMARY

The Shipping Point Inspection (SPI) Program provides optional third-party grading and certification service and third party food safety verification audits to the fruit, nut, and vegetable industries throughout California. A Federal-State Cooperative Agreement with the USDA

authorizes the California Department of Food and Agriculture inspectors to use federal grade standards for fresh produce, and to issue federal-state inspection certificates recognized nationally and internationally.

PROGRAM TRENDS

SPI programs are expected to grow in 2011, continuing the trend begun in 2010. The number of Federal Market inspections continues to increase on commodities such as 8e tomatoes, avocados, and kiwis. Most of the SPI districts saw increases in the USDA Commodity Purchase Program in 2010, and expect further growth in 2011.

approaches to utilization of SPI's QC programs, such as internal QC methods or the use of other inspection entities, may begin.

An expansion of Food Safety Auditing programs is also anticipated in 2011. These include the California Leafy Green Program, California Fresh Tomato Program, Good Agricultural Practices/Good Handling Practices (GAP/GHP), and the Almond Industries Pasteurization Audit Program.

SPI PROGRAMS, INCLUDING THE CALIFORNIA LEAFY GREEN PROGRAM AND AUDITS FOR THE USDA COOL (COUNTRY OF ORIGIN LABELING) PROGRAM, WILL EXPERIENCE ANOTHER YEAR OF GROWTH IN 2011. THE USDA COMMODITY PURCHASE PROGRAM WILL ALSO EXPAND IN MOST SPI DISTRICTS IN 2011.

The number of audits conducted for the USDA Country of Origin Labeling (COOL) program will continue the rapid growth that began with the inception of this program in 2008.

Changes in California's agricultural industry in 2011 will impact many SPI programs. Consolidation of businesses continues. The industry continues to search for reductions in internal costs, including quality (QC) control. Implementation of alternative

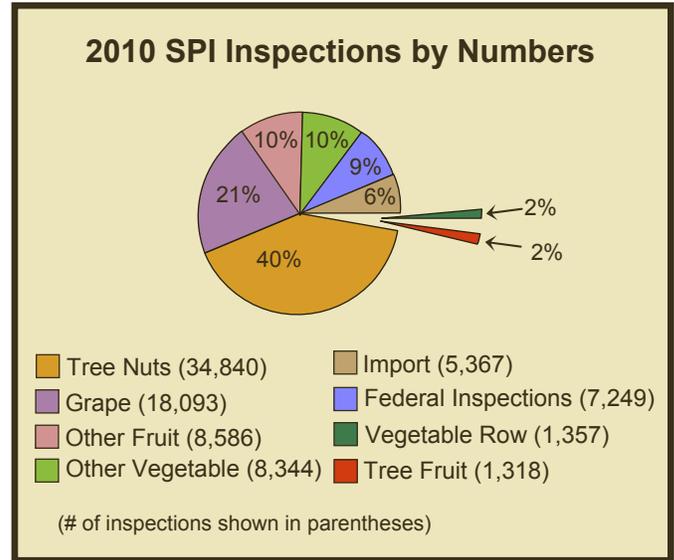
For example, the cling peach community continues to automate inspections within their industry. Recent developments include an electronic internal flesh color indicator to determine maturity and an electronic pressure tester. Both of these devices remove human subjectivity from the inspection process.



Customers in nearly all SPI districts utilized SPI more for Federal market inspection work in 2010 and this trend is expected to continue in 2011. This increase is due primarily to the USDA Commodity Purchase Program. Potatoes and tomatoes are the principal commodities inspected.

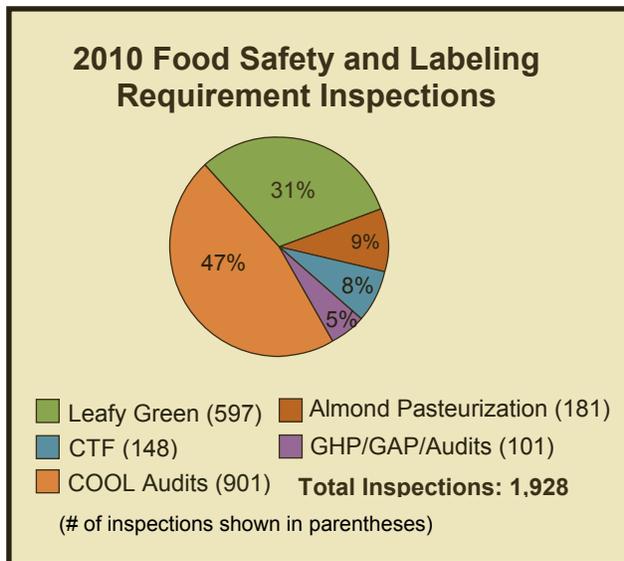
2010 HIGHLIGHTS AND ACCOMPLISHMENTS

A total of 85,154 SPI inspections were completed in 2010. These inspections included 7,249 Federal inspections, 5,367 Import inspections, 34,840 Tree Nut, 18,093 Grape, 1,318 Tree Fruit, 8,586 Other Fruit, 1,357 Vegetable Row Crops, and 8,344 Other Vegetable inspections. In addition to these inspections, SPI conducted 1,928 Food Safety/ Product Verification audits. These audits included 101 GHP/GAP audits, 597 Leafy Green audits, 148 California Tomato



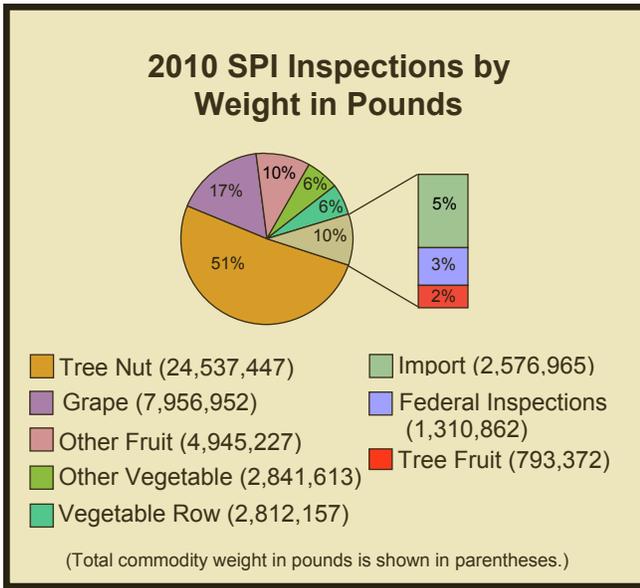
Farmers (CTF) audits, 901 COOL audits, and 181 Almond Pasteurization audits. The accompanying charts on this and the next page summarize SPI activities in 2010.

SPI began implementation of its succession development plan in 2010. This year, five inspectors were sent to Federal Training Class, and six more are expected to attend in 2011. The program is also hiring full-time inspectors for the first time in many years.

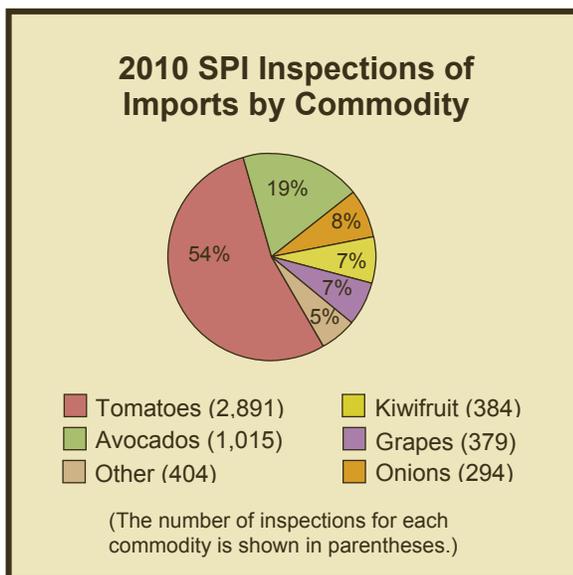


COMMODITY TRENDS

The almond industry continues to set the standard for commodity promotion, increasing its ability to sell and ship over a billion pounds of almonds annually. At the time of this writing, the industry has slowed sales of the 2010 product until the extent of damage from the February 2011 frost to the 2011 crop is known. This will ensure enough almonds to fill orders throughout the next year.



In 2010, the Chilean Avocado Industry shipped fewer avocados into the California market than in previous seasons. More avocados were shipped into European markets due to better returns. The industry expects this trend to persist for the foreseeable future. Fortunately, the California avocado community has partnered with the Mexican avocado industry to replace much of the lost Chilean product.



Agricultural industries production acreage is continuing to shift and change in California.

Reductions:

The peach, plum, and nectarine industry has reduced a large part of its production acreage following several difficult marketing seasons.

The pear industry has also reduced acreage in recent years, and this trend seems to be continuing.

Increases:

The almond industry continues to plant new acreage, and even with water issues, continues to be profitable.

The olive industry has found a booming market in olive oil, and there has been a significant increase in acreage planted for this niche in the market place.

In 2010, SPI provided GAP/GHP audits on the following commodities:

- | | |
|-------------|--------------|
| Apples | Kiwifruit |
| Apricots | Onions |
| Broccoli | Pears |
| Cabbage | Persimmons |
| Carrots | Pomegranates |
| Cauliflower | Potatoes |
| Celery | Squash |
| Cherries | Table Grapes |
| Cucumbers | Tomatoes |
| Garlic | Turnips |

(list continues on page 56)



2010 SPI provided GAP/GHP audited commodities (continued):

<p><i>Lettuce:</i></p> 	Green Leaf	Romaine	Red Leaf	Spinach
<p><i>Stone Fruit:</i></p>	Apriums	Nectarines	Peaches	Plums Pluots
<p><i>Peppers:</i></p> 	Anaheim	Bell Sweet	Jalapenos	Serrano
<p><i>Berries:</i></p> 	Blueberries	Strawberries		
<p><i>Nuts:</i></p>	Walnuts	Almonds	Pistachios	
<p><i>Melons:</i></p> 	Watermelon	Honeydews	Horned	Orange Blush Cantaloupes
<p><i>Citrus:</i></p> 	Grapefruit Minneolas Citron	Navels Tangerines Clementines Tangelos	Mandarin Valencias Cara Caras Oranges	Pomeloos Lemons Limes

Finally, the COOL program is expected to have an increased impact in 2011. This labeling law, which took effect in late 2008, requires retailers such as full-line grocery stores, supermarkets, and club warehouse stores to provide customers with information regarding the source of certain foods such as

pork, farm-raised and wild fish and shellfish, peanuts, and fresh and frozen fruits and vegetables. The COOL program within SPI has grown rapidly, and is expected to expand further in 2011 when additional commodities are set for audits.



STANDARDIZATION PROGRAM

PROGRAM SUMMARY

Standardization statutes establish minimum standards for maturity, quality, size, standard container and pack, and container



markings. The Standardization Program ensures enforcement of quality standards, container, labeling, sizing, and maturity requirements at packing, storage, field distribution centers, certified farmers' markets, and port of entry facilities. The Standardization Program provides services and a regulatory framework to assist industry efforts to increase consumer confidence in the food supply. Standardization inspections take place in fields and packinghouses, wholesale markets, retail distribution centers, retail outlets, and highway inspections stations.

TRENDS AND ISSUES FROM 2010

The Standardization Program has continued its efforts to cross-utilize inspectors. The same state personnel are now enforcing regulations for the Standardization, Direct Marketing, and Organic programs. This cost-sharing effort benefits all programs by encouraging increased efficiencies. A successful piloting of the enforcement model for the Direct Marketing Program showed that the model is transferable to the Standardization Program. State personnel performed five financial audits of stone fruit, melon, lettuce, citrus, and table grape handling operations to ensure the proper assessment rate is being followed. In order to ensure equity, handlers were randomly selected without regard to the location or size of the operation. These audits were intended to provide education to the industry and ensure compliance, as necessary. Approximately four audits are expected to be completed in 2011. Revenue from the

Standardization Program increased from the prior year, possibly due to increased water supply and accounting efficiencies.





Standardization Program NC 2010 Summary

NCs Issued	2,051
Containers	327,858
Number of Bins	5,843
Disposal Orders	526
Commodities	68

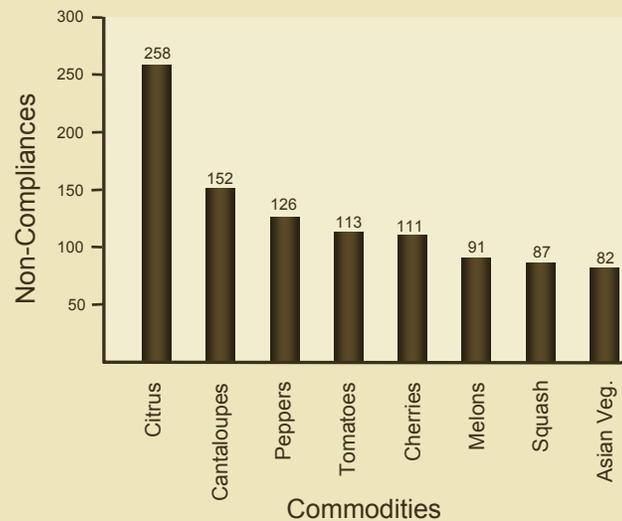
(reporting period July 1, 2009 – June 30, 2010)

ACCOMPLISHMENTS FOR 2010

A total of 327,858 containers and 5,843 bins were inspected, which resulted in the issuance of 526 disposal orders and 2,051 non-compliances. The distribution of non-compliances for 2010 included: 258 for citrus, 152 for cantaloupe, 126 for peppers, 113 for tomatoes, 111 for cherries, 91 for melons, 87 for squash, and 82 for Asian vegetables. Non-compliances for these most commonly regulated commodities are shown in the chart below, along with a table summarizing 2010 program activities.



Number of Non-Compliance Notices for the Most Commonly Regulated Commodities





AVOCADO INSPECTION PROGRAM

PROGRAM SUMMARY

The Avocado Inspection Program ensures enforcement of quality standards, container, labeling, sizing, weights, maturity, and proof of ownership requirements at packing, storage, field distribution centers, and port of entry facilities. The goal is to protect the industry and consumers by providing uniform inspection to ensure that all avocados comply with minimum standards.



TRENDS AND ACCOMPLISHMENTS FOR 2010

The Avocado Inspection Program has been seeking reductions and consolidations to streamline operations.

Maturity: A total of 1,361 maturity tests were performed, 61 non-compliance notices issued, and 1,246 cartons rejected.

Avocado Inspection Program (July 1, 2009 – June 30, 2010)			
Inspection Type	Number of Tests	Non-compliances	Cartons Rejected
Weight Test	30,056	201	15,202
Size/Count Test	4,115	21	1,385
Maturity Test	1,361	61	1,246

Weights: A total of 30,056 weight tests were performed, 201 non-compliance notices issued, and 15,202 cartons rejected.

Size/Count: A total of 4,115 size/count tests were performed, 21 non-compliance notices issued, and 1,385 cartons rejected.

The assessment rate was set at the maximum rate permitted by the Food and Agricultural Code Section 44975(a). Remittance fees based on crop size are .25 cents per hundred pounds weight.



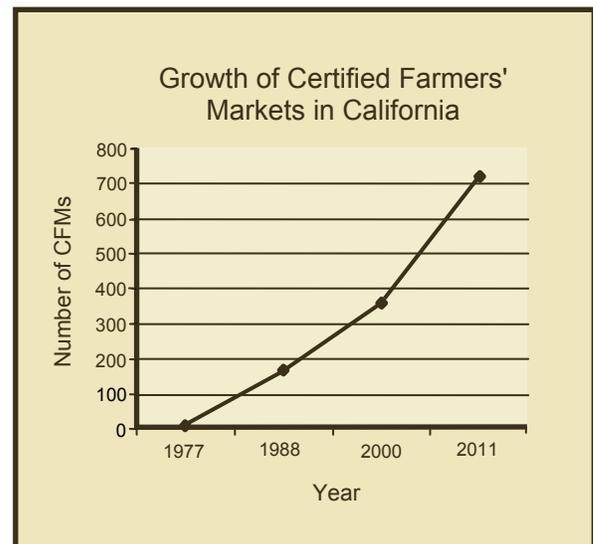
DIRECT MARKETING PROGRAM (PREVIOUSLY NAMED CALIFORNIA FARMER’S MARKET PROGRAM)

PROGRAM SUMMARY

The Direct Marketing Program is responsible for enforcing the statutes governing certified farmers’ markets (CFMs) and produce sold at or near the point of production. Exemptions are provided to producers through the Department’s Standardization regulations for minimum size, labeling, standard pack, and standard containers. These exemptions allow the sale of produce directly to the public without disrupting the normal flow of commercial wholesaling. The Direct Marketing Program provides opportunities for certified producers to directly market their agricultural products at over 700 certified farmers’ markets throughout the state and enables non-profit organizations, community-supported agricultural organizations, and local government agencies to operate

certified farmers’ markets in both rural and urban areas throughout the state.

The chart below highlights the exponential growth of CFMs from 1977 – 2011. In 1977,



there were approximately 12 CFMs in the State of California. In 1988, there were approximately 170. By 2000, there were approximately 360 CFMs. In 2011, there are over 700 CFMs operating in the State of California.



THERE ARE NOW OVER 700 CERTIFIED FARMERS MARKETS IN CALIFORNIA, NEARLY DOUBLE THE NUMBER IN 2000.



TRENDS AND ISSUES FOR 2010

As a response to allegations of cheating in the CFMs, the Certified Farmers' Market Advisory Committee (CFMAC) requested the Department to solicit input for improving the Program. In October and November four listening sessions were held throughout the state to hear the ideas of market managers, producers, and the consuming public. Several common themes were echoed throughout the sessions; specifically, that the Department, county agricultural commissioners, and market managers should enhance enforcement, communication, and education.

Shortly after the listening sessions, the Department convened a CFM Technical Planning Committee to discuss and submit to the CFMAC specific ideas to enhance each area of concern. After meeting five times, the technical committee presented CFMAC with suggestions for program improvements:

- An enhanced state enforcement program to include dedicated investigatory staff
- Market manager certification program



- Consumer education
- Enhanced technology database capability
- A plan for open and detailed communication between the State, counties, market managers, and producers.

Implementation of these recommendations would require legislative and regulatory changes.

ACCOMPLISHMENTS FOR 2010

The direct marketing industry in California continues to grow rapidly. Based on a recent survey conducted by CDFA, the number of CFMs has increased to over 700, from roughly 360 in 2000. The chart on the previous page shows the growth of CFMs since 1977.

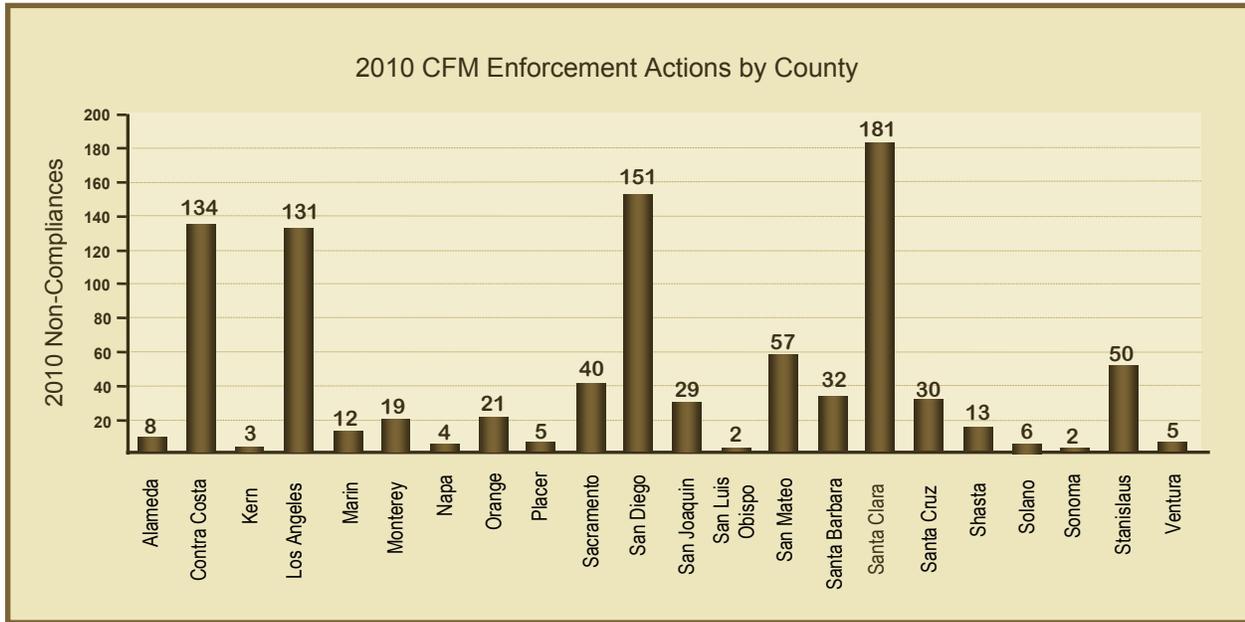
Regulations intended to implement the provisions of Assembly Bill 2168 (Ch. 447, Stats. of 2008) and improve enforcement mechanisms for the CFM Program are currently being evaluated by the Office of Administrative Law. It is expected these regulations will become effective mid-2011.



With the encouragement of the CFMAC, the model for state enforcement of CFMs was successfully implemented. Inspectors from the Direct Marketing Program, Standardization Program, and State Organic Program are currently being cross-trained and utilized to enforce Direct Marketing regulations throughout the state. This

method is a cost effective way of ensuring uniformity throughout the state. A total of ten CFMs are selected randomly for inspection every three months. The table below shows the enforcement activity throughout 2010.

State Certified Farmers' Market Enforcement Activity for 2010					
FY 2010	Counties Inspected	Number of Markets	Producers Inspected	Production Site Visits	Number of Non-Compliances
1 st Quarter	Contra Costa, San Mateo, Los Angeles	8	164	0	20
2 nd Quarter	No enforcement activity in this quarter.				
3 rd Quarter	Sonoma, Santa Barbara, San Luis Obispo, Butte, Shasta, Sacramento, Yolo, Stanislaus, Santa Cruz, San Joaquin	12	198	0	48
4 th Quarter	Alameda, Monterey, Sacramento, San Joaquin, Santa Cruz, San Luis Obispo, San Mateo, Santa Clara, Ventura, Yuba	9	164	10	12



Each year, 40 randomly selected markets are inspected by the Direct Marketing Program. Beginning in the last quarter of 2010, a new enforcement model was implemented to provide immediate follow-up inspection to production sites when the market inspection resulted in questionable produce. As state inspectors are not limited to county jurisdictional boundaries, this has proven to be a very immediate and effective means of enforcement. The chart above shows program enforcement action by county for 2010.

INSPECTORS FROM THE DIRECT MARKETING PROGRAM INSPECT FORTY MARKETS AROUND THE STATE EACH YEAR TO ENSURE COMPLIANCE WITH THE STATE'S REGULATIONS FOR ORGANIC PRODUCE.





CITRUS PROGRAM

PROGRAM SUMMARY

The Citrus Program is responsible for protecting the industry and the general public from substandard product and ensuring that the established minimum maturity and quality standards are met. In addition, the Citrus Program is responsible for providing industry with current and accurate data regarding the state's citrus acreage and citrus crop information.



TRENDS AND ISSUES FOR 2010

The new method of determining citrus maturity, California Standard (previously known as Brim A), continues to be tested to compare its effectiveness to the standard eight point ratio currently being used. The procedure for testing remains unchanged,

but the formula for calculating the soluble solid/acid ratio would change under this new formula. The California citrus industry has discussed the possibility of using this standard for Navel oranges in the future.

ACCOMPLISHMENTS FOR 2010

After collaboration with citrus industry stakeholders, amendments were secured in Assembly Bill 1795 (Committee on Agriculture, Ch. 365, Stats. of 2010). AB 1795 clarified that a carton of citrus is defined as a 40-pound equivalent produced, and authorized the CDFA Secretary to adjust the citrus rate according to the needs of the citrus freeze reserve. This legislation specifically authorized the CDFA Secretary to increase the citrus assessment rate within existing statutorily defined levels on the occasion of a citrus freeze and would allow the CDFA Secretary to lower the citrus

assessment rate when the citrus reserve fund has been replenished. These statutory changes significantly benefited industry and the Department since they provide that the adoption, amendment, or repeal of citrus assessment rates are not subject to certain rulemaking provisions of the Administrative Procedure Act.

Development of an online registration and database program that will increase functionality and ease of access for its customers is still in process.



CALIFORNIA STATE ORGANIC PROGRAM

PROGRAM SUMMARY

The Department’s California State Organic Program (SOP) is responsible for enforcing the federal Organic Foods Production Act of 1990, the California Organic Products Act of 2003 (COPA), and other State and Federal organic regulations. These statutes and regulations protect organic consumers, producers, handlers, processors, and retailers by establishing standards under which fresh agricultural products may be sold and labeled as organic. The Department’s continued support and enforcement of organic farming and production methods provides an opportunity for consumers to purchase products that are grown, handled, and processed in accordance with national organic standards.



TRENDS AND ISSUES FOR 2010

Year	Total New SOP Registrants
2010	327
2009	341
2008	357
2007	442
2006	380
2005	306

In 2010, the organic industry continued to grow with approximately 327 new operations registered with the SOP. In

addition, the SOP completed its program evaluation and recalibration to meet the requirements of industry and the National Organic Program. These efforts resulted in statutory changes that streamlined the organic registration process and the promulgation of regulations to enhance compliance.

The SOP has begun preliminary work on a new database and online registration program that will meet the growing demands and complexities of program administration. The development of the database is part of an overhaul of all electronic data collection systems within Inspection Services, and a critical component to modernization and resource allocation of the SOP.



ACCOMPLISHMENTS FOR 2010

Throughout the legislative session, the Department engaged a variety of stakeholders, including the California Farm Bureau and California Certified Organic Farmers, to secure amendments to Assembly Bill (AB) 2612 (Committee on Agriculture, Ch. 393, Stats. of 2010). These statutory changes streamlined the organic registration process, which benefited both industry and the Department, by reallocating several hundred hours of staff time to compliance and enforcement activities.



Fiscal Year	SOP Registration Revenue
2010/11	\$918,000 <i>(projected)</i>
2009/10	\$918,792
2008/09	\$991,778
2007/08	\$916,544
2006/07	\$814,397
2005/06	\$654,558

implemented technical changes to the SOP’s registration program, provided a system to ensure that complaints related to organic products are investigated in a timely manner, and authorized CDFCA personnel and county agricultural commissioners to collect samples for laboratory analysis to determine compliance with the COPA and the CFR.

In November 2010, regulations designed to enhance the SOP were promulgated with the Office of Administrative Law. These regulations established the regulatory authority for a spot inspection program to ensure that organic production and handling operations are following the provisions of the Food and Agricultural Code and Code of Federal Regulations (CFR). In addition, they



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Division of Inspection Services
2010 Annual Report

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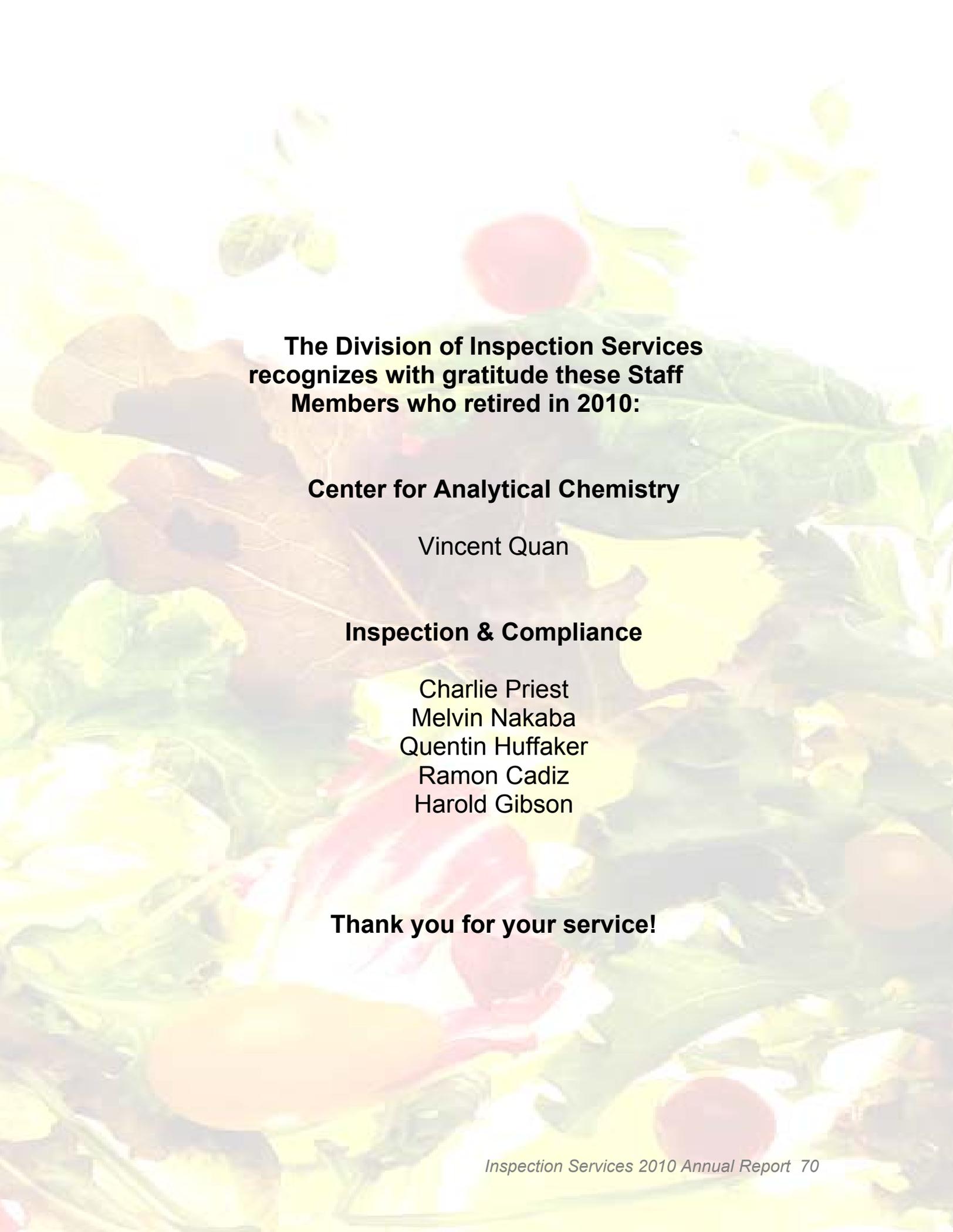
**THIS REPORT IS DEDICATED TO THE MEMORY  
OF  
KAREN HEFNER AND KELSEY OLSON**

Karen worked in the Pesticide Residue Section of the Food Safety Laboratory. She delighted in her family, especially her new granddaughter Abigail. Karen retired in 2008 after working at the CAC for more than 25 years, and passed away in May, 2010.

Kelsey worked in the Fertilizer Research Education Program. She enjoyed dancing, hiking, and riding her horses Red Joaquin and Taj Halima. Kelsey passed away on June 28, 2010.

Karen and Kelsey are greatly missed by their friends and colleagues throughout the Division. We dedicate this report to them.

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**The Division of Inspection Services
recognizes with gratitude these Staff
Members who retired in 2010:**

Center for Analytical Chemistry

Vincent Quan

Inspection & Compliance

Charlie Priest
Melvin Nakaba
Quentin Huffaker
Ramon Cadiz
Harold Gibson

Thank you for your service!