

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
FEED INSPECTION ADVISORY BOARD (FIAB) MEETING**

**2800 Gateway Oaks Drive, Room 101
Sacramento, CA 95833
(916) 900-5022**

**September 23, 2014
9:00 AM to 12:00 PM**

MINUTES

MEMBERS

John Walth, Chair
Bob Berczynski
John Silva
Marit Arana
Michael Koewler
Paul Parreira
Thomas Prokop

CDFA

Amadou Ba
Angelia Johnson
Elaine Wong
Gary Castro
Jenna Areias
Jennifer Goucher
Maria Tenorio
Marilyn Boehnke
Mike Davidson
Natalie Krout-Greenberg
Nirmal Saini
Samantha Moran

INTERESTED PARTIES

Geoff Holland
James Netto
Kelly Covello
Merle Jacobs
Tad Bell

INTRODUCTIONS AND ANNOUNCEMENTS

Mr. John Walth, Chair, called the meeting to order at 9:00 a.m. Self-introductions were made and a quorum was declared.

REVIEW AND APPROVE MINUTES

Mr. Walth requested the board review the minutes from the June 10, 2014 meeting.

MOTION: Dr. Marit Arana moved to approve the June 10, 2014 minutes as submitted. Mr. Thomas Prokop seconded; the motion passed unanimously.

DEPARTMENT/DIVISION/BRANCH UPDATES

Ms. Natalie Krout-Greenberg provided the board with Department and Division updates. Undersecretary Sandra Schubert left the Department; the Division now reports to Mr. Jim Houston, Deputy Secretary for Legislation and Public Engagement. Three bills that were being monitored are now awaiting the Governor's signature: Senate Bill 835, Livestock Drugs; Assembly Bill (AB) 2413, Farm to Fork; and AB 1871, Certified Farmers Markets. The California Association of Professional Scientists (CAPS), the state's Bargaining Unit 10 (BU10) employees' union, began administrative, legal, and legislative processes for pay equity in 2006. As a result, effective July 1, 2014, supervisory/managerial scientific classifications received a pay increase. The budget is impacted by the increase in the Branch Chief's salary, which is distributed among all Branch programs, and the Center for Analytical Chemistry (CAC) expense increase because of CAC BU10 positions.

Ms. Krout-Greenberg reported the public comment period on the revised provisions of the Food Safety Modernization Act (FSMA) would open September 29, 2014. There would be a 75-day comment period for the recent revisions: Produce Safety, Preventive Controls for Human Food, Preventive Controls for Animal Food, and Foreign Supplier Verification Programs. California will work with the Food and Drug Administration (FDA) to host a listening session during October or November to allow for comments. Since June 2014, the Department met a few times with the FDA personnel who oversee field operations to discuss how the new rules will affect animal feed in California. The Program is requesting the FDA to consider California as a pilot program for implementing FSMA. The Department is already working to ensure the industry complies with FSMA, which the FDA could leverage to eliminate duplication. A letter to Mr. Mike Taylor, FDA's Deputy Commissioner for Foods, has been drafted and is currently awaiting the Secretary's signature.

Dr. Amadou Ba informed the board Dr. Stephen Beam was appointed Division Director of Marketing Services on September 1, 2014. Dr. Dale Woods was appointed to Environmental Program Manager (EPM) I and will manage the Fertilizer program. Mr. Mike Davidson was promoted to Supervising Special Investigator in the Feed program. Ms. Angelia Johnson is the new Budget Analyst for the Branch.

Dr. Ba expanded on the "Like Pay, Like Work" pay classification increases. He stated the Feed program budget is impacted by his EPM II classification, and by the CAC as it also has BU10 classifications. The Fertilizer Program is impacted greater by the salary increases; it has classification increases for an EPM I, a Senior Environmental Scientist (Supervisory), and a portion of the EPM II salary, which is distributed among the Branch programs. Other salary issues affecting the budget are a recent two percent salary raise for the majority of state employees, and employees' merit salary increases of five percent each year until the employee reaches the classification's salary cap. Next year's budget will be impacted by a salary increase of two and one half percent for most state employees, effective July 1, 2015.

FUND CONDITION

Ms. Jenna Areias stated as of July 1, 2013, total funds for the Feed program in the CDFA account were \$1,300,381. Total funds for the Safe Animal Feed Education Program (SAFE) were \$149,751. The total combined funds were \$1,450,133. Revenue was \$3,263,620; expenditures were \$3,217,070; the ending balance as of June 30, 2014 was \$1,496,683.

Ms. Areias reported the revised Feed program budget for fiscal year (FY) 2014-15 was included for transparency. The significant changes from the approved FY 2014-15 budget, to the revised budget, were largely due to the salary increases. Under General Expenses, equipment costs increased because the program terminated its contract with the Cooperative Agricultural Support Services (CASS) and the duties and responsibilities have been transferred to CDFA staff. The Equipment line item had a decrease because only one vehicle was being purchased, instead of the two originally budgeted.

MOTION: Mr. Thomas Prokop moved to approve the revised FY 2014-15 budget as proposed; Mr. Michael Koewler seconded. The motion passed unanimously.

Ms. Areias reviewed the proposed FY 2015-16 Budget with the board. Total net program costs were \$3,399,195. The budget included a 2.5 percent salary increase for most staff and an increase in IT charges. The budget was tightened where possible to offset the salary increases. The Division conducted an internal inventory of IT equipment which resulted in a cost increase in IT's 'per device' charges (computer, laptop, etc.). After receiving the actual charges from IT, it was clear the IT costs in the approved FY 14/15 budget were projected on the low side and it was necessary to adjust the numbers. The Program recently discontinued air cards because cell phones now have mobile hotspot capability and that will save on costs going forward.

Dr. Nirmal Saini stated the proposed CAC expenses for FY 2015-16 are the same as FY 2014-15. The lab is making an effort to absorb the majority of CAPS salary increases. He stated if the CAC is not successful at the year end, they will make necessary corrections.

Ms. Kelly Covello asked if the mechanism for uploading the commercial feed reports to firm accounts on the Branch's Extraview database, as discussed at the last meeting, is included in the budget.

Ms. Areias stated the SAFE Research Analyst, Ms. Jennifer Goucher is working with IT to develop the 'push notifications'. Program changes are being made to the database and the 'push notifications' will be in the next launch. Costs for the programming changes are included in the IT maintenance costs.

MOTION: Mr. Thomas Prokop moved to approve the proposed FY 2015-16 budget as presented. Mr. Michael Koewler seconded; the motion passed unanimously.

Chairman Walth stated board members often object to frequent tonnage tax rate change; instead, the Board approved an increase in the license fee from \$400 to \$500, effective July 1, 2015. At the previous meeting, the Board discussed not implementing the license fee increase if the budget justified it. Based on the current budget, and because it is unknown how FSMA regulations will affect the budget, the approved increase should remain in place.

Ms. Areias reported with the approved FY 2015-16 budget, the license fee at \$500, and the tonnage tax at 12 cents, based on 20 million tons of feed, the fund at the end of FY 2015-16 is estimated to be \$1,111,396.

MOTION: Mr. Paul Parreira moved to reaffirm the feed license fee increase to \$500 effective July 1, 2015. Mr. John Silva seconded; the motion passed unanimously.

FEED PROGRAM UPDATES

Ms. Areias stated an \$18,500 Memorandum of Understanding (MOU) was developed with the Pest Exclusion Branch to monitor, track, and transmit information from border stations for cottonseed products and nontraditional feed ingredients. Trucks entering Southern California at the Vidal, Winterhaven, and Blythe border station crossings will be required to present a Certificate of Movement of Cottonseed Products and labeling or destination paperwork.

Those documents are sent immediately to Ms. Shelly King, a Special Investigator in Ontario, providing CDFA with real-time data. An inspector is immediately dispatched to be onsite and ready to sample when the truck arrives at its destination. The MOU covers just these three border stations because the greatest amount of product enters through these border stations.

Ms. Areias reported the Porcine Epidemic Diarrhea Virus (PEDV) is affecting the swine industry. The Program provided Secretary Ross with information on what the Program is doing in response to the highly infectious PEDV epidemic. PEDV is a major concern for the swine industry; there have been seven million piglet deaths over 30 states, including a confirmed case in California. The Program is developing Standard Operating Procedures (SOPs) for field staff, equipment, and vehicles. The SOPs are reconfirming biosecurity measures, such as to not enter any swine production facility without authorization, wear booties every time an inspection is conducted, and wash the state vehicle and tools after each inspection. This work is also part of the eleven Animal Feed Regulatory Program Standards (AFRPS).

Ms. Areias reported the Program is in the process of FSMA and AFRPS projects which are in addition to staff's routine activities. As part of the eleven standards, the Program has compiled a prerequisite program binder for industry, is developing and updating the website, has put together a Hazard List for the feed industry, and is continuing to do Process Verification inspections in the field. The Program is developing SOPs for industry, updating the internal inspector manual, writing SOPs for all field operations, and performing a desk audit of field staff and inspection audits. Additionally, the program's analytical variation data collected over the past 50 years, which is used in conjunction with lab reports, is being converted to digital format to be accessible electronically.

FIELD ACTIVITIES REPORT

Ms. Areias reported, under the new FDA contract, endorsement reporting has a tighter time frame. The Program will be paid for up to 20 non-licensed Good Manufacturing Practices (GMP) regulation inspections; twelve have been completed. The Program will continue its feed safety, corn study sampling. Risk-based feed safety sampling will focus more on microbiologicals, pesticide screens, mycotoxin screens, and medications/drugs. The Program realigned and reorganized its Federal contract work. Mr. Chris Hansen is lead for non-licensed GMP work, Ms. Shelly King for the Bovine Spongiform Encephalopathy (BSE) review process; and Mr. Killeen Sanders for Tissue Residue (TR) assignment review.

Ms. Areias reported the Program is working in conjunction with the California Grain and Feed Association (CGFA) to complete Process Verification Inspections (PVIs) for 55 firms that are identified as high-risk in California. These 55 firms deal with high-risk minerals or prohibitive mammalian proteins, or make medicated feed. The firms are evaluated on Production Records; Recall and Complaint Procedures; Personnel, Supervision, and Training; Quality Control; Purchasing and Receiving; Cleanout Procedures; and Lab Analysis. The Program has completed 37 PVIs and each field staff has about two firms to inspect before the end of the year. The PVI results are compiled internally and evaluated for problem areas and feedback is provided to the firms.

Ms. Areias noted results to date reveal that all firms have issues, but no firm has been found to have problems in every area. The areas of non-compliance have been 'risk-ranked' and are being closely tracked. The Program will work with CGFA to develop education materials and will provide workshops and outreach activities to target the problem areas.

Mr. Davidson explained the PVI report is not a regulatory document and there is no violation or written regulatory issue associated with it. PVIs are a service of the Program designed as an overview for firms to see how they are doing on their compliance with the prerequisite program. If firms fall short in the PVI, it is certain they will fall short under the pending FSMA regulations. In addition, the PVI results provide the Program with information on areas that will need workshops and outreach materials.

SAFE PROGRAM ACTIVITIES UPDATES

Ms. Goucher stated SAFE planned to review what assistance the California feed industry needs after the 55 high-risk firms had been inspected. But, based on the results to date, assistance is needed in all areas. Field staff are being assisted in tracking their activities; including the firms they visit, the number of times they sample at a firm, and whether they are conducting a routine inspection, or a TR or BSE inspection. The activities are reviewed monthly to see how many firms have been visited and how many additional activities were done. The SAFE and Feed program websites have been updated.

Ms. Samantha Moran reported the prerequisite program's ideas and goals are to provide SOPs and other documents to the firms and to ensure they have everything they will need to meet the PVI requirements. The prerequisite program binder includes sample SOPs, templates, manufacturing documentation, and brief overviews of the prerequisite program. It is designed to give the firms a starting point in preparing for FSMA, an understanding of the importance of the prerequisite program, and the means to become compliant. The SOPs line up with the PVI areas so that firms that fully implement the SOPs should be compliant with FSMA. The SOPs are designed to be easily modified to fit a firm's individual needs; the binder has been finalized and is ready to be distributed. The results of the PVIs of the 55 high-risk firms are expected to expose the areas that need the most work; the prerequisite binder was created to assist the industry with compliance.

Ms. Areias provided the Board with a prerequisite binder flash drive that contains all the documents and information. The same prerequisite information will be on the Website, where it will be segmented into areas that follow the PVI. The Program will also provide a flash drive with the binder information to the 55 high-risk firms.

FIELD ACTIVITIES REPORT

Ms. Areias reported as of last week, eight almond hull firms were under quarantine for repeat violations. The Program is working with the Animal Health Branch on a monensin toxicity investigation of 700 head of cattle that died in a feedlot. The California Animal Health and Food Safety Laboratory at UC Davis is testing the tissue for monensin residue. CAC is conducting the tallow and fat analysis for this case.

Ms. Areias reported adulterated corn was found in Brawley through the Program's pilot project for corn in Imperial Valley. The corn was a late harvest from a Blythe farmer and was transported to Brawley. The tested 300 to 800 parts per billion (ppb) aflatoxin; it was sent for detoxification through ammoniation.

Ms. Areias gave an update on an almond hull case. The firm had product quarantined twice within a harvest season and had four consecutive crude fiber violations after being released from the second quarantine. The Fresno District Attorney's Office (DA) is moving forward with the case, but it is a slow process. The DA recently contacted Mr. Hansen, the lead investigator on the case, for additional information.

Ms. Covello asked if the case was being prosecuted under Feed laws or the business category. Mr. Davidson replied it would probably be business. Once CDFA turns a case over to the DA's office, it is their case. The DA usually applies the Business and Professions Code (BPC) because the penalties in the Food and Agricultural Code (FAC) are low.

Chairman Walth stated the BPC penalties are also low. The board previously discussed that the penalties have no impact on the industry's 'bad actors' because they are too low.

Mr. Bell asked if the Program had anything further to report on the illegal livestock drug case in Visalia that the Program worked with the FDA, or the contaminated cottonseed from Mexico. Ms. Areias stated CDFA had not received an update in the livestock drug case. The contaminated cottonseed was returned to Mexico and there has been no further information.

ALMOND HULL STUDY UPDATE AND REPORT

Ms. Covello reported, in the summer of last year, Almond Hullers and Processors Association (AHPA) led an industry task force of merchandisers, animal nutritionists, CDFA, and CGFA, to discuss the current almond hull. The standards were set many years ago and have not been reviewed for years. The task force agreed that crude fiber was likely not the best standard for assessing the nutritional value of almond hulls and another method needs to be discussed, and tiers should be looked into. Currently, tiers are 15 percent and 15 to 29 percent. AHPA began collecting samples to look at acid detergent fiber (ADF) and lignin; research from approximately 25 years ago showed it might be a better indicator of the nutritional value of hulls.

Ms. Covello stated industry members have been participating this past season and continuing into this season in a voluntary sampling program where additional tests (ADF, moisture, crude fiber, lignin and ash) are run on samples pulled by the huller/shellers as part of their Hull Quality Assurance Plan. Members were concerned there may be differences in the results from the CAC and independent labs. AHPA commissioned a 50-sample study to split official samples and have them sent to four different independent labs to see the variance between the CAC and independent labs; 29 sets of complete data from four different labs had been collected; however, differences were discovered in the methods the labs use to process samples. Two of the four labs missed the instructions regarding moisture content on the custody document that had been developed with the assistance of the state lab and one of the independent labs and are having to retest the samples.

LAB REPORT/UPDATES

Ms. Elaine Wong reported the CAC is working towards having a sample turn-around time of 14 days, instead of the previous 21 days. From January to August 2014, the CAC received 500 samples: 95 percent were completed in 14 days; 298 were routine, 12 were priority, 33 were partial rush, and 157 were rush samples. The average number of assays per sample was 4.63.

Ms. Wong stated most of the recent samples were either cottonseed for aflatoxin or almond hull samples for fiber. The Association of American Plant Food Control Officials is working on consolidating lab methodologies so all the regulatory labs are using the same methods. Discussions are underway to use just ADF and Neutral Detergent Fiber (NDF) methods for crude fiber. As soon as all states can get on board, ADF and NDF analyses will be used instead of crude fiber.

Ms. Areias stated the Program will have to modify its regulations if that happens.

ADDITIONAL ITEMS / NEXT MEETING

Chairman Walth reported there will be three vacancies in May 2015. The terms of Mr. John Kauffman, Ms. Marit Arana, and Mr. Paul Parreira will expire May 1, 2015. Secretary Ross would like more diversity on the board and industry's assistance would be beneficial to the Department and to the Board.

The next meeting will be at 9:00 a.m., February 24, 2015, at the Stanislaus County Farm Bureau, Modesto

MOTION: Mr. Michael Koewler moved to adjourn the meeting; Dr. Marit Arana seconded. The motion passed unanimously.

The meeting was adjourned at 11:50 a.m. by Chairman Walth.
Respectfully submitted by:



Jenna Areias, Feed Program Supervisor
Feed, Fertilizer and Livestock Drugs Regulatory Services

9/23/14
Date