

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (Department)

**FEED INSPECTION ADVISORY BOARD (FIAB)
EMBASSY SUITES MONTEREY BAY SEASIDE / HYBRID**

**JANUARY 10, 2023
1:00 PM – 4:00 PM**

MINUTES

BOARD MEMBERS

Alejandro Hernandez
Dan Rice
Jed Asmus
Jeremy Banducci
Kate Horstmann
Marit Arana, Chair
Shay Rambur

ABSENT

Michael Koewler
Paul Parreira, Vice Chair

CDFA STAFF

Amadou Ba
Angelia Johnson
Ashley James
Brittnie Williams
Cathryn McCandless
Charles Brooke
Christine Birdsong
Elizabeth Moseby
Jenna Leal
Jessica Billingsley
KC Gutenberger
Maria Tenorio Alfred
Mike Davidson
Natalie Krout-Greenberg
Samantha Moran-Defty
Stephen Beam
Tawny Mata
Theodore Bert
Valerie Brott
Virginia Jameson

INTERESTED PARTIES

Brandon Craighead
Chris Zanobini
David Isen
Donna Boggs
Jon Handly
Tad Bell

INTRODUCTIONS AND ANNOUNCEMENTS

Dr. Marit Arana, Chair, called the meeting to order at 1:02 p.m. Chair Arana informed the interested parties that per the Bagley-Keene Open Meeting Act, they are not required to sign in or identify themselves. Self-introductions were made, and a quorum was established.

APPROVE NOVEMBER 10, 2022, MEETING MINUTES

Chair Arana requested the Board review the minutes from the November 10, 2022, FIAB meeting.

MOTION: Jeremy Banducci moved to approve the November 10, 2022 minutes as presented; Jed Asmus seconded. The motion passed unanimously by all present with a vote of 7 - 0.

DEPARTMENT / DIVISION / BRANCH UPDATES

Natalie Krout-Greenberg gave Department updates, announcing the Governor's Office 2023 budget impact on the general fund programs for the Division of Inspection Services (ISD) . The proposed reductions affect the Office of Farm to Fork to an extent. Some funds were maintained to continue services of issuing grants. More information come June.

Robert Califf, the United States Food and Drug Administration's (FDA) Commissioner, visited California's Half West Five FDA District Office in Alameda and met with the Department's Secretary, Karen Ross, and the Produce Safety Program to focus on a food safety prevention strategy for California. Pipelines of where to secure research dollars was a topic of discussion to identify entities to take on research needs – and determine how to take research outcomes and put it into practice for changes in the field and ranches.

Dr. Amadou Ba reported the Feed, Fertilizer and Livestock Drugs Regulatory Services Branch was notified of potential detection of salmonella in home and garden products. The Fertilizing Materials Inspection Program (FMIP) has prepared a sampling plan proposal on home and garden products. The proposal will be presented to the Fertilizer Inspection Advisory Board in February for board approval and funding.

Dr. Ba introduced the United States Department of Agriculture (USDA) Fertilizer Product Expansion Program (FPEP), a program that provides grants to help eligible applicants increase or expand the manufacturing and processing of fertilizer and nutrient alternative and their availability in the United States. A few fertilizer licensees requested letters of support for this grant from the Department's FMIP. The first round of application submissions for the FPEP ended on November 14, 2022; California did not make the round. Many letters of support were applied to the second round of applications which ended December 29, 2022.

Dr. Ba attended the Green Hydrogen Coalition's (GHC) meeting titled, Unlocking Green Hydrogen Global Potential and Leveraging existing green ammonia infrastructure. Dr. Ba provided meeting attendees with key information in the interest of agriculture, fertilizer, and statistics on nitrogen green ammonia. GHC's long term aspiration is to build hubs in California by 2030. The Department of Energy proposes \$8 billion to build 10 hydrogen hubs across all 50 states. GHC is involved in this process and the Department has participated in providing information as needed.

Dr. Martin Burger, FMIP's Senior Environmental Scientist (Supervisor), and the Department's Office of Environmental Farming and Innovation (OEFI) staff attended the Manure Recycling and Innovative Products Task Force meetings. One of the deliberations from those meetings included the review of new data of manure emissions. The San Joaquin Valley Air Pollution Control District (SJVACD) regulations for volatile organic compounds emissions are about 16 times higher than the findings of the new research. The hope in going forward is that the SJVACD will allow dairies to

increase the volume of corral scrapings to be composted since their emission factor are significantly lower than previously thought.

Charles Brooke, OEFI Lead Scientist, added that the Manure Recycling and Innovative Taskforce report will soon be released, and the climate program allocated \$2 million to fund projects for manure products development.

PROGRAM UPDATES

No overarching program updates were made. The primary focus of this FIAB meeting is to discuss environmental issues surrounding enteric methane reduction and tonnage modeling projections.

TONNAGE MODELING AND PROJECTIONS

Jenna Leal stated at the last FIAB meeting the Feed program presented the Feed program's revenue projection for tonnage. The FIAB approved 0.12 cent per ton effective July 1, 2023. Leal presented an updated Feed revenue projection, noting the projections do not include federal reimbursement dollars. The Animal Feed Regulatory Program Standards (AFRPS) Cooperative Agreement of approximately \$600,000 ends in 2025. The Food Safety Modernization Act (FSMA) fee-for-service contract to perform inspections on behalf of FDA is \$140,000 with an increase for next year.

Leal presented the five-year projection of Feed program tonnage revenue estimated at 22 million tons at 0.12 cents. At 0.12 cents reserves will decrease quickly, highlighting a negative reserve at 0.14 cent increase per ton fiscal year (FY) 2024/25 and on. Tonnage revenue estimated at 23 million tons at 0.12 cents appears to look better at five-year projection but presents a significant deficit even with federal recoveries. The Feed program's minimum reserve is 25% of total program budget.

Leal presented tonnage revenue at 23 million tons at 0.13 cents, reporting an increase by 0.02 cents per FY prolongs the Feed program reserve. If FIAB seeks to increase to 0.13 cents effective July 1, 2023, a motion must be made during this meeting. Historically, the Feed program has minimized fluctuations of tonnage tax to once a year.

Dan Rice requested every source of revenue be included in the tonnage revenue projection.

Leal modified the projection sheet by entering \$600,000 in the total feed revenue for FY 2022/23, FY 2023/24, and FY 2024/25 columns for 0.10, 0.13 and 0.15 cents per ton. The projection will include incentivized tonnage going forward and may also include a recovery line item.

Shay Rambur mentioned whether tonnage tax increase should go to 0.13 cents or from 0.12 to 0.15 cents. Jeremy Banducci recommended FIAB monitor numbers at 0.12 cents prior to another tonnage tax increase.

Chair Arana inquired about FDA continuing to fund to AFRPS after 2025. Leal stated over the course of 10 years the dollars put forth for states to implement the AFRPS standards and become compliant indicating that the Feed program does not anticipate an AFRPS extension.

Leal mentioned that due to part of the state deficit, the Feed program was asked to look for other funding sources such as the Environmental Protection Agency (EPA) for outreach and education on diversion of food waste to animal feed. The Feed program worked with CalRecycle and CalEPA in areas of outreach and education to submit a letter of intent. The second funding opportunity is another EPA grant in the area of diversion for states to enhance or create data collection for diverted products.

Rice commented with the concern of continuing to increase tonnage tax might result in a breaking point. With Senate Bill (SB) 1383 many entities from the feed industry are benefitting from the work of the Feed program but may not be contributing to fund the Feed program for the long term. Rice explained the responsibility to create the framework and build on some of the revenue streams.

Chair Arana agreed, inquiring about a workgroup for further discussion on tonnage tax. Leal stated strategic planning brought about the potential of auditing tonnage. The Feed program is utilizing incentivized products licensed at a lower rate by internal program validation of diversion and approval. The Feed program does not regularly audit tonnage.

Bell stated the focus of the Feed program should be to look at outside funding sources, highlighting federal grants to enhance the Feed program's database. Bell advised the Feed program to inform the FIAB more of where the funding is coming from, including program direction and look at other sources of revenue to give FIAB a general idea of how much Feed program is spending in these areas.

Chair Arana asked for FIAB direction to increase to 0.13 cents or keep to 0.12 cents effective July 1, 2023, mentioning a FIAB decision can be made prior to quarter four if seeking a tonnage tax change to be effective January 1, 2024. Jeremy Banducci, Shay Rambur and Dan Rice agreed and supported to increase the tonnage to 0.12 cents effective July 1, 2023.

Leal stated the Feed program will continue to present the five-year revenue projection as part of the agenda in the coming meetings. The rail data slides were included in the presentation for FIAB to have the opportunity to discuss as needed. The Feed program will continue to gather rail information and data for FIAB.

Leal stated the Feed program approved budget earmarked \$200,000 for the Safe Animal Feed and Education (SAFE) Program research dollars. Leal asked for FIAB approval to use a portion of those funds to potentially hire a contractor to lead or facilitate the movement of an emission strategies plan for the feed industry. Chair Arana stated if the Feed program determines a facilitator or contractor is needed and FIAB can

approve via conference call, utilizing SAFE research dollars to hire a facilitator is acceptable. Leal stated that a meeting could be facilitated a later date, if needed.

ENTERIC METHANE REDUCTION PRODUCTS, PANEL DISCUSSION

Leal stated that the focus of this FIAB meeting is to discuss the reduction of methane emissions and action items. SB 1383 goals promulgated the Short-Lived Climate Pollutant Reduction Strategy. Under this “carrot-then-stick” approach, incentives may be replaced with requirements as the solutions become increasingly feasible and cost-effective to meet legislated targets. The focus is on the 19% dairy and 10% of non-dairy enteric sources of methane emissions in California. According to California Air Resources Board (CARB) 2022 Scoping Plan, if optimal amounts of digesters and alternative manure plans were deployed the Livestock and Dairy Sector would still not meet the methane reduction goals set forth by SB 1383. Agencies must have moderate adoption of enteric strategies by 2030 and divert 75% of organic waste from landfills by 2025.

The Feed program recently met with the FDA whose current regulatory pathway for methane reduction claims is a new animal drug. FDA has approved an ammonia reducing product as a drug in 2018.

David Isen, Chair of the California Grain and Feed Association's (CGFA) Environmental Subcommittee, stated the part of the 20% procurement target to procure organic materials and divert to landfill is compost, mulch, renewal energy from gas or heating and electricity from biomass conversion. Isen highlighted FIAB discussion to focus on animal feed derived from materials destined to landfill and assist local municipalities by using the materials diverted towards the 20% procurement target.

CARB Scoping Plan only allows renewable diesel going forward. The market of renewable diesel is non-existent at present time. Renewable diesel is more expensive to manufacture because it is not in state and has a higher carbon score which creates more greenhouse gases. CGFA's Environmental Subcommittee's goal is to propose a 5% target which will lower the cost of diesel in hopes to reach the 20% procurement target.

The Farm Bill-Inflation-Reduction Act provides opportunities through USDA to discuss carbon markets for animal feed materials. Two current markets: Environmental Protection Agency's Renewable Fuel Standard and California Low Carbon Fuel Standard (LCSF). The current market is for traditional petroleum. Using biodiesel displaces traditional petroleum which is essentially lowering GHGs and creating a carbon credit. The mindset is to create a carbon market and incentivize recycling materials.

Isen stated, the California Energy Commission has issued grants to animal feed; however, CalRecycle is accepting our pathways but is not issuing grants. Incentivizing additional recyclable materials through grants and opportunities is what the industry, Imperial Western Products and Denali Solutions would like to consider.

Isen mentioned the difficulties of franchise interferences in handling these materials in California, advising FIAB discussion on how to become a larger recycler in this territory with minimal conflicts. Assembly Bill 3036, pertaining to animal feed exemption, has been helpful; however, it is a tool in the tool belt when discussing franchise interferences seen on weekly and daily basis when handling these materials. Isen seeks for proactive solutions, any regulatory updates, incentives or help from industry.

Leal mentioned FIAB's support for the Feed program to continue collaboration with CARB, CalRecycle and all impacted agriculture feed related sectors, including the dairy and cattle industries, and nutritionists formulating nutrient management plans. An "Emissions Reduction Plan" is needed for the feed industry. The Feed program will continue to stay informed, engaged and collaborate with academia on published scientific reports. The University of California, Davis will be hosting a State of the Science Summit on May 2-3, 2023. The Summit will have a FDA regulatory focus, panel discussion, with participation from the Department's Secretary Ross and Undersecretary Christine Birdsong in addition to the Feed program, academia and industry. Two main panel discussions will involve state of science on feed additives and regulatory focus and responses from state agencies and research opportunities on a federal, state and non-governmental organization scale.

Jed Asmus commented on the application in the field and how it gets executed and to track and implement on dairy operations, through feed mills, suppliers, and supply chain.

Brooke responded, stating multiple sectors are approaching through voluntary Verra standards. Part of the Verra standard is verification which plays a large role in how the implementation is going to be tracked. This will have to be developed and tracked through paperwork trail and on farm verifications.

Bell suggested Secretary Ross, Undersecretary Birdsong and Deputy Secretary Jameson think about bringing big companies together to discuss on farm implementation and discuss diversion of organics as animal feed and the advantages for dairymen with a system like LCSF. Bell proposed a potential discussion to address the financial side at a high level with Secretary Ross and the Secretary of Agriculture, Tom Vilsack. Overall, a general discussion of the best pathway forward and whether it is with the help of CGFA, Feed program, and nutritionists.

Leal stated there is a panel made up of various sectors, agreeing with Bell's point and the importance of obtaining accurate data of what is being utilized on farm. The Feed program has heard and seen unapproved additives rolling out to farms without a structure including creameries and other companies incentivizing the use of unapproved products to dairies.

Asmus commented, stating dairy and creameries are represented, but there are five players in state that move those ingredients by either blending or delivering which leads

to a supply chain traceability conversation. If it ends up becoming a drug or feed additive there is a lot of gray area that does not allow for effective traceability.

Rachelle Kennedy suggested an opportunity to discuss the next steps at the end of two-day Summit in May with representatives from the feed industry, a nutritionist and dairy.

Leal stated the importance of Executive level support and data sharing with climate discussions. Leal introduced Dr. Stephen Beam, Branch Chief of Milk and Dairy Food Safety Branch, Christine Birdsong, Undersecretary, and Virginia Jameson, Deputy Secretary of Climate and Working Lands, in attendance who are involved in these discussions.

Undersecretary Birdsong stated this issue is a priority for the Department and Secretary Ross, who is highly engaged with this, has put together an internal taskforce at the Department. The Department has a variety of programs that touch on enteric emissions and livestock feed supplements. Undersecretary Birdsong stated the taskforce has been working on a strategy going forward and the important part of discussion has been with the FDA on their approach in terms of regulating feed supplements for enteric emission benefits. Undersecretary Birdsong emphasized importance of getting the supplements online quickly while maintaining food and human safety.

Deputy Secretary Jameson added that the Department is in collaboration with the CARB and that they are up to speed with the conversations the Department is having with the FDA.

Dr. Beam explained the responsibility of Milk and Dairy Food Safety (MDFS) Branch is the safety of milk from farm to consumer. The MDFS Branch performs statewide inspection of farms for food safety purposes. The MDFS Branch fits into this process because anything that is consumed by a dairy cow that could result in contamination of the milk could impact the Branch as a regulatory program. With a verification process, a lot of the enteric fermentation reduction tools depend on penetration and implementation in California's herd. The assumptions are that 50-80% penetration into dairy cattle is very unlikely to occur unless there is an approval process for feed additives and drugs. The MDFS Branch is engaged to support research in this area that is focused on the safety of the feed additives and is working with the FDA to have a system for feed trials to be able to design the studies for data collection to facilitate the approval process.

Tawny Mata, OEFI Manager recent appointment with OEFI was on December 1, 2022. Mata expressed interest in the research and demonstration projects OEFI can support in this area and collaboration with the ISD.

Brooke, OEFI Lead Scientist for SB 1383, stated the Department's effort has been built on dairy manure methane and addressing enteric methane. The Summit in May plans to effectively utilize research funds in this area with \$10 million to support demonstration

projects for feed additives. Coordinating the necessary protocols for safety, tracking of these products for State and FDA requirements provides an opportunity of their best use. The Department's Climate Research Program California Livestock Methane and Mitigation Environment Research Program supports enteric methane research and manure research. Other projects include exploring byproducts methane reduction and developing a protocol to test the byproducts.

Krout-Greenberg emphasized the importance of building awareness and informing the details that exist such as the internal taskforce. The Summit is one way to broaden outreach; however, some areas will require additional time and attention. In building a plan, OEFI can assist with the research and identify where the Feed program can effectively utilize \$10 million. Statutory mandates allow the Feed program ways to support the feed industry by continuing to become strong partnerships at a federal level and carrying conversation beyond the boundaries of California. The Department will continue to lean in this space with authority to support program structure. There is a plan that is needed including application of products and model of incentive calculations.

Bell advised the Feed program to identify areas to assist with authority to play as a key role in the process. Krout-Greenberg will bring these suggestions to the internal team who are subject matter experts in animal agriculture as they develop the objectives and ways to achieve that.

Leal asked for FIAB discussion on strategy and direction to the Feed program, suggesting a possible subcommittee while working with CGFA on legislative authority along with the FDA and Dr. Beam, the Department's MDFS Branch Chief.

Chair Arana proposed a workgroup which will allow interested parties involvement versus a subcommittee.

Bell recommended feed mills, banks, feed additive manufacturers be part of the ad hoc workgroup with the role of Feed program to facilitate a larger workgroup.

Krout-Greenberg advised the FIAB to be mindful of resource demand put on the Feed program to facilitate a larger scale workgroup, proposing the FIAB earmark funds for a facilitator.

Asmus asked if the FIAB should frame and expand the initial scope to the feed industry as needed. Krout-Greenberg responded, stating the value in solidifying the Department's own internal components that are program related to allow discussion with others in gaining a better understanding as a feed industry.

Bell suggested the Department leadership use existing authority to create an agreement and set standards that can be audited.

Krout-Greenberg stated Leafy Green Marketing Agreement's (LGMA) focus is to further market a particular commodity in which these standards were generated collectively by industry. The ISD audits and holds the industry accountable to LGMA standards. The LGMA model could potentially be a viable pathway to industry; however, the focus is for the FIAB plan and direction on those involved to articulate the plan and identify shortcomings whether it is authority, workgroup, research data and partnership with FDA.

Isen, commented stating LCSF, adopted in 2011, pertains to a reduction of CARB or GHGs. LCSF 3.0 model calculations include Tier 1 and 2 pathways; Tier 1 is landfill diversion and Tier 2 is feed additives and methane reduction. USDA and EPA are following LCSF model. The groundwork exists with this model and the focus should be working internally together to formulate a plan to incentivize and reduce waste diversion of landfill and create carbon credit. Reiterating a LCFS type of model should be considered by the feed industry.

MOTION: Jed Asmus moved to approve the development of an ad hoc workgroup to inspect and research LCSF and LGMA models to identify what would and would not work for the feed industry; Alejandro Hernandez seconded. The motion passed unanimously by all present with a vote of 7 - 0.

Leal requested participation from the FIAB. Jeremy Banducci, Jed Asmus and Shay Rambur volunteered to participate in the workgroup with a possible ask of Michael Koewler who was absent at this meeting. Krout-Greenberg advised the Feed program partner with CGFA for this workgroup.

CALIFORNIA GRAIN AND FEED ASSOCIATION UPDATES

No updates were made.

PUBLIC COMMENTS

No public comments were made.

AGENDA ITEMS FOR FUTURE MEETINGS

No additional agenda items were requested for the next FIAB meeting.

NEXT MEETING

The next FIAB hybrid meeting (in-person and online) will be held beginning April of 2023 in Modesto, California. Members will be polled to select a date.

MOTION: Shay Rambur moved to adjourn the meeting; Jed Asmus seconded. The motion was approved unanimously by all present with a vote of 7 - 0.

ADJOURNMENT

The meeting was adjourned at 3:56 p.m.

ORIGINAL SIGNED BY JENNA LEAL

Jenna Leal, Feed Program Manager

01/10/2023

Date

