

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)  
FEED INSPECTION ADVISORY BOARD MEETING (FIAB)  
Modesto, California  
June 17, 2009  
MINUTES**

**MEMBERS**

Richard Hoch  
Fred Frost  
Rob Gilbert  
Thomas Geary  
Thomas Prokop  
Jon Tollenaar  
John Walth

**CDEA**

Asif Maan  
Dale Rice  
Natalie Krout-Greenberg  
Elaine Wong  
Mike Davidson  
Cyril Huisman  
Jenna Areias  
Avnee Jivabhai  
Frank Delgado  
Chris Hansen

**INTERESTED PARTIES**

Tad Bell – California Grain &  
Feed Association  
Gene Beach  
Scott Sickler  
Alex Castro – Mcorp  
Gary Caseri – Stanislaus  
County Agricultural  
Commissioner

**CALL TO ORDER**

Chairman Richard Hoch called the meeting to order at 9:05 a.m. a quorum was established. Mr. Micheal Koewler and Tom Daly were unable to attend this meeting.

**INTRODUCTIONS AND ANNOUNCEMENTS**

Chairman Hoch welcomed the group and self introductions were made. Mr. John Walth informed the group that he will be leaving the meeting at the halfway break.

Mr. Gary Caseri, Stanislaus County Agricultural Commissioner, provided the group with an update on agricultural related topics in Stanislaus County.

**MINUTES OF THE LAST BOARD MEETING**

Mr. Hoch asked the Feed Inspection Advisory Board members to review the minutes of the March 4, 2009 meeting.

**MOTION:** A motion was made by Mr. John Walth to accept the minutes as presented. Mr. Frederick Frost seconded the motion. The motion passed unanimously.

**PAST CHAIRMAN RECOGNITION**

Dr. Asif Maan presented a Certificate of Recognition to Mr. Thomas Geary for his services as the chair of the Feed Inspection Advisory Board.

### **DEPARTMENT / DIVISION / BRANCH UPDATE**

Mr. Nate Dechoretz was unable to attend this meeting therefore Dr. Maan reported on his behalf. He reported the Senate Committee on Food and Agriculture had a hearing yesterday focusing on the abolishment of CDFA, and assigning its functions to other departments.

Deputy Secretary of Legislative Affairs, Rayne Pegg, is leaving the department on June 18, 2009. She will be going to USDA as the Administrator for Agricultural Marketing Services. There is no information available in regards to her replacement as of yet. Mr. Kevin Masuhara is now the new Director of Marketing Services Division.

The functions of the Agricultural Environmental Stewardship have been moved to the Inspection Services Division. Mr. Rolf Frankenbach now works in the Fertilizer Research and Education Program, and the Office of Pesticide Consultation and Analysis now reports to the Director Inspection Services Division.

Dr. Maan informed the group about the impacts of the Governor's Executive Order (GEO). The GEO is resulting in restrictions on contracts and purchase orders although, possible exemptions from GEO for core functions include food and human safety. The self-directed mandatory furloughs of two days per month are still in effect which are affecting employees and the workload. Sixteen hours of work a month per employee are being lost. There is also a possible 5% additional pay cut or an additional furlough day.

Dr. Maan informed the group that the branch reorganization is complete, separating feed and fertilizer programs with dedicated supervisory and inspection staff. The programs have been very successful with filling vacancies. Also, he noted, the replacement of the existing database is progressing very well and is scheduled to be in effect in September 2009 with training workshops for industry starting in August 2009. Once the database is in place, it will allow licensees to view their own records and make fee payments online. He said Mr. Alex Castro will make a presentation later in the meeting on the progress of the database replacement project.

### **PROGRAM FUND CONDITION**

Ms. Natalie Krout-Greenberg noted a beginning balance of \$2,279,298 as of July 1, 2008 and an ending balance of \$ 2,882,297 as of April 30, 2009. She noted a projected ending balance of \$2,501,288 for June 30, 2009.

### **FISCAL YEAR 2010 / 2011 BUDGET**

Ms. Krout-Greenberg noted that the 2008/09 fiscal year (FY) had a total approved budget of \$2,935,422. The approved budget for FY 2009/10 is \$2,784,962. The proposed feed and Safe Animal Feed Education (SAFE) Program combined budget for FY10/11 is \$2,832,640. The proposed budget reflects the replacement of trucks and equipment, travel, training, and salaries for a full staff. There is \$181,000 for reimbursement from FDA and the unclaimed gas tax. After

projected FDA reimbursements, licensing and registration revenue and the projected AF-Ag Code 24A, the total funds that will be needed for FY 2009/10 will be \$2,510,054. Discussion ensued about the details of the budget.

**MOTION:** A motion was made by Mr. John Walth to approve the proposed \$2,611,718 for feed and \$228,890 for SAFE budgets for FY 2010-11. Mr. Thomas Prokop seconded. The motion passed unanimously.

Ms. Natalie Krout-Greenberg noted that there has been a decrease in tonnage reports in April because there are fewer products being moved throughout the state leading to decreased tonnage revenue. She asked the board if this is something that the board wants to factor into setting the tonnage fee, however; the overall tonnage reporting has been on an increasing trend. Mr. Fred Frost asked what total tonnage for 08/09 was. Ms. Krout-Greenberg replied 20,427,529. Discussion continued with regards to tonnage. It was determined that a drop of at least 2-3 million tons should be expected because of the variation between wet and dry feed.

With regards to the trends of the decreasing tonnage and adequate reserve, Mr. Walth suggested relief to the industry through a decrease in the tonnage tax to \$0.09. Dr. Maan asked the Board to consider market trends in feed use while making recommendations to reduce the tonnage tax. Mr. Walth noted that it would require a drastic decrease in tonnage tax in order to use up some of the reserve funds. He recommended reducing the tonnage tax from current \$0.12 per ton to \$0.09 per ton of feed. Discussion ensued about decreasing the tonnage tax.

**MOTION:** A motion was made by Mr. John Walth to recommend to the Secretary of the Department of Food and Agriculture to reduce the tonnage tax to \$0.09 per ton effective July 1, 2009. The motion was seconded by Mr. Robert Gilbert. The motion passed unanimously

**PROGRAM / ASSOCIATION OF AMERICAN FEED CONTROL OFFICIALS (AAFCO)  
/ LICENSING STUDY GROUP UPDATE**

Ms. Krout-Greenberg noted that the program has been assigned to handle the aquaculture stimulus grant which included calculating the impact of increase in feed prices on the aquaculture producers. The cost for the aquaculture work has not been reimbursed because the grant is very specific that no overhead charges can be claimed. Most of the firms that may receive funds are out of state; therefore, paper audits will be used to verify their eligibility. Mr. Tad Bell requested that the program tracks the costs and hours for future requests including overhead costs. Ms. Krout-Greenberg noted that the work for this grant is being partially shared with the CDFA federal grants office and the department of fish and game.

Further, Ms. Krout-Greenberg informed the group that a violation summary report has been compiled as it has been done in past years. A corrective action plan is being designed by the SAFE program. The plan includes medicated feed laboratory analysis reports for high risk firms and inspector visits for firms with high violation rates.

The program is reviewing and investigating cottonseed certificates of movement to verifying the Aflatoxin levels reported from out of state shipments.

She further presented, almond hullers have been at a 49% violation rate. Since March, the violated rate has decreased to 39%. She noted a need for official samples to identify the violators in industry. Most of the violations have more than 15% fiber, which makes them almond hull and shells not just almond hulls.

Ms. Krout-Greenberg noted that the Bovine Spongiform Encephalopathy (BSE) and Tissue Residue (TR) contract with FDA has been renewed for next year. The contract has been established for 125 BSE investigations at \$107,667.50 and 150 TR investigations at \$148,601. Ms. Krout then explained how the contract inspection numbers were calculated.

The program will be hiring research analyst, Brian Greathouse, who is scheduled to begin work at the end of July to cover the livestock drug desk. He has a good background and understanding of the industry and knows how things work in this field. He will also work on program enhancement activities for feed safety and outreach.

California was the host state for the AAFCO Seminar. Michael Davidson, Kent Kitade and Ms. Krout-Greenberg will be attending the 100<sup>th</sup> anniversary meeting in Washington DC: Mr. Mike Davidson and Ms. Krout-Greenberg serve on various committees and Mr. Kent Kitade is the president elect.

The licensing study group had a meeting to discuss feed licensing. Flow charts were developed, and scenario's detailing all the possibilities of licensing were discussed. The program received clarification of authority and definitions from the CDFA legal office. The study group will reconvene in July and make recommendations for the next step.

### **SAFE PROGRAM UPDATE**

SAFE Program Specialist, Ms. Jenna Areias informed the group that California hosted the AAFCO seminar held in Bass Lake in May 2009. SAFE program assisted in coordinating the seminar with AAFCO and designed and presented California feed industry educational materials for attendees. She discussed the various seminar topics and informed the group that she has designed a feed and SAFE program promotional material for the AAFCO centennial booklet.

A Hazard Analysis Critical Control Points checklist has been created using AAFCO's model checklist. This checklist will be available to all feed producing firms. A participating firm must conduct a hazard analysis, determine the critical control points (CCP's), establish critical limits, establish monitoring procedures, institute corrective actions, establish verification procedures, and establish record-keeping and documentation procedures.

The program has completed two on farm mixer studies; the third is scheduled for end of June. In the past three months, five audits have been cancelled so program staff is busy evaluating methods to prevent cancellations.

Ms. Areias informed the group that violation summary reports for high violating firms in California are being compiled. These reports will include a summary of commercial feed law and

regulations that are in violation, an inspection summary, all correspondences, assay and label violation summaries, and charts. The goal of these reports is to enhance industry involvement with the SAFE program to correct violations and gain compliance. SAFE audits are part of the programs corrective action plan with each firm in order to improve records, monitoring of medicated feed production, high risk mineral usage, and to address areas of high violation rates through report summaries.

### **DATABASE REPLACEMENT PROJECT UPDATE**

Mr. Alex Castro updated the board with the progress of the database replacement project. To date, 17 use cases have been delivered outlining the flow of work and all the various screens that need to be in place and a few are undergoing changes. MCorp has begun configuring the system and are now working on a data conversion plan to move over three years worth of records.

The new system will be based around each individual firm from which it will branch into three categories; revenue management which handles all moneys, event management, which is all inspections, and the grant management component. Up to this point implementation and configuration has been done for licensing and registration. Next will be complaints, cottonseed certificate of movement, then inspection and lab reporting, and finally the testing and release in mid-September. Mr. Castro then presented a licensing demonstration.

Discussion ensued as to the accessibility of firms' information for public viewing, and general simplicity of use for industry members. It was noted that the benefits of this database include real-time information that is readily accessible.

Mr. Castro informed the board that database training will be held at six locations throughout California; Sacramento, Modesto, Monterey, Fresno, Santa Ana, Oxnard/Camarillo. The purpose of these workshops is to educate the feed and fertilizer industries on the new database and conduct training on the use of online applications. Web-ex training will also be available and will allow industry members to learn how to use the database through a phone and computer connection. The last option is training videos that will be made available to all applicants. Dr. Maan inquired if any board members are interested in participating in the testing phase of the database. Mr. Rich Hoch volunteered to participate.

### **LABORATORY UPDATE**

Ms. Elaine Wong informed the group that the lab is running efficiently with 551 samples received to date. The rush samples related to feed safety are processed within 24 hours, and the lab results are promptly notified to the investigators and supervisor for action if warranted. The only current complication is the governor's executive order because it has made it difficult to order lab supplies. Furthermore, the mandatory furlough days have affected staff and have made it difficult to ensure that one person is always available to test for aflatoxins. Ms. Wong noted that the program's goal is to have a sample turn around time of one month. The one month turn-around time currently applies to 43%, but the goal is to increase the value to 75%.

**LEGISLATIVE UPDATE**

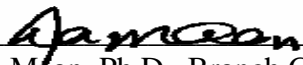
Mr. Tad Bell informed FFLDERS that if obtaining supplies continues to be an issue, he can assist with contacting the Governor's office to request exemption since it is food safety related. The Mendoza bill AB 547 is being moved along. Discussion ensued in regards to the possible changes in the budget.

**ADDITIONAL ITEMS / NEXT MEETING**

The next board meeting will held on Wednesday, October 14<sup>th</sup>, 2009 at 9:00 a.m. in Modesto, Ca.

**MOTION:** A motion was made by Mr. Frederick Frost to adjourn the meeting. Mr. Rob Gilbert seconded the motion. The motion passed unanimously. The meeting was adjourned at 11:35 a.m.

Respectfully submitted by:

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

\_\_\_\_\_  
7/29/09  
Date