

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
FEED INSPECTION ADVISORY BOARD (FIAB) MEETING
Modesto, California
June 26, 2008
MINUTES**

MEMBERS

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

CDFA

Nate Dechoretz
Asif A. Maan
Natalie Krout
Nirmal Saini
Mike Davidson
Jenna Dibble
Avnee Jivabhai
Kent Kitade
Dale Rice
Elaine Wong

INTERESTED PARTIES

Chris Zanobini – California
Grain and Feed Association
(CGFA)
Tad Bell – CGFA

CALL TO ORDER

Chairman Thomas Geary called the meeting to order at 9:10 a.m., and a quorum was established.

INTRODUCTIONS AND ANNOUNCEMENTS

Self-introductions were made. Mr. Geary thanked everyone for attending.

MINUTES OF LAST BOARD MEETING

Mr. Geary asked the Board to review the minutes from the prior meeting on February 7, 2008. No changes were submitted.

MOTION: A motion was made by Mr. Rob Gilbert to approve the February 7, 2008 Board meeting minutes as presented. Mr. John Walth seconded the motion. The motion passed unanimously.

DEPARTMENT / DIVISION / BRANCH UPDATE

Mr. Nate Dechoretz informed the Board that George Gomes will be retiring on June 30, 2008 and to date, no replacement has been announced. He also noted the Internet Technology (IT) centralization project is well on its way.

Mr. Dechoretz further informed the Board, the Division has hired a reviewer; Mr. John Krivacic, who reviews the program databases and develops extensive reports called “as is” and “to be” documents. The “as is” document details the Branch and program processes, while the “to be” is developed with the staff to outline what the Branch would like to see in a database. Once completed, these documents are used to develop a feasibility study report that is approved by the Branch chief, the director, and the head of IT. Mr. Dechoretz explained to the Board, the process is very extensive. The leafy green database has already been implemented and there were no major problems. Industry feedback has been positive in regards to the database because their information is easily accessible via the internet.

BRANCH UPDATE

Dr. Asif Maan informed the Board the strategic planning phase of the fertilizing materials registration and inspection program has been completed and major recommendations include: a separate fertilizer program with a dedicated program supervisor, the necessity for a lead field operations person; hiring additional label registration and field staff; hiring a new environmental scientist; and development of disclosure of ingredients and protection of trade secret regulation. The Branch reorganization plan is near completion. He anticipates it to be fully implemented and the Branch to be fully staffed within the next few months.

Dr. Maan elaborated on the progress of the database replacement project in the feed program, and informed the Board the “as is” and “to be” documents have been completed. The feasibility report has been approved and a request for proposals has been sent out. Proposals are due July 3, 2008 and a vendor will be selected by August 1, 2008.

PROGRAM UPDATE

Ms. Natalie Krout informed the Board that Field Investigator Tim Walters will be retiring in August 2008; a Seasonal Agriculture Technician, Percy Mejia has been appointed until the position is permanently filled. In order to facilitate the hiring process and to increase the pool of Feed Fertilizer Livestock Drug (FFLD) Inspector candidates, the exam has been changed to a “continuous filing” basis. In addition, the Senior Special Investigator Exam is scheduled for early July.

Ms. Krout notified the Board that Bovine Spongiform Encephalopathy (BSE) inspections and Tissue Residue investigations are progressing; both are more than halfway to achieving their yearly goal. She informed the Board of BSE training with the Food Drug Administration (FDA) Center for Veterinary Medicine at the end of October 2008.

Ms. Krout informed the Board of the appointment of Ms. Bryce Praditkul, as Registration Specialist. She has been cross trained in fertilizer, field work, sampling methodologies and the lab desk. Ms. Krout also mentioned the program will now be compiling a sampling summary detailing violations, assays, and a breakdown of top performing firms as well as those that need improvement. This document will allow for referencing across investigational regions and serve as a management tool for headquarters and field staff.

Ms. Krout discussed emerging issues with the Board. She noted the increased costs of feed, the use of unconventional feed ingredients such as stone fruit pits and camelina oil, the damaged products from the Midwest. She assured the Board, these issues are being addressed promptly and thoroughly.

PROPOSED BUDGETS

Dr. Maan called the Board's attention to the Feed Inspection Program's Financial Summary. He noted a Feed and Safe Animal Feed Education (SAFE) program combined total beginning balance of \$1,445,570 on July 1, 2007. As of April 30, 2007, the revenue was \$2,828,667 and combined expenditures were \$1,780,384. Dr. Maan noted an ending balance of \$2,493,853 as of April 30, 2008.

Dr. Maan presented the proposed two year (FY 08/09 & FY 09/10) budgets. For FY 08/09 the total proposed budget is \$2,953,352 with \$2,754,393 for Feed and \$198,959 for SAFE. For FY 09/10 the total proposed budget is \$2,784,963 with \$2,579,437 for Feed and \$205,526 for SAFE. He noted that the FY 08/09 budget include a one time expense of \$250,000 for the database and hardware replacement. Dr. Maan reminded the Board they will be approving the total budgets. Dr. Maan presented documents and figures supporting the proposed budgets including a spreadsheet with potential revenue based on varying tonnage tax fee amounts. He addressed the revenue needs from Feed License Fees and Tonnage Tax. Mr. Tad Bell requested CDFA to inquire if the overhead is limited to 5% for agriculture by law and if it is, to address this issue with the executive office. Discussion ensued.

MOTION: A motion was made by Mr. John Walth to accept the proposed Feed budget of \$2,953,352 for FY 08/09 (\$198,959 for SAFE and \$2,754,393 for Feed) and \$2,784,963 for FY 09/10 (\$205,526 for SAFE and \$2,579,437 for Feed). Mr. Fred Frost seconded the motion. The motion passed unanimously.

Discussion ensued in regards to lowering the tonnage fee. It was clarified that any changes made now would reflect in revenue changes after October 1, 2008.

Mr. Thomas Prokop recommended the Board consider a slight decrease in tonnage fee assessment. He noted that depending on the effects of the change, further adjustments might be needed in the future. Mr. Geary requested, the feed program staff prepare an analysis of the effects of a fee adjustment for the October meeting.

MOTION: A motion was made by Mr. Robert Gilbert to lower the tonnage tax from \$0.13/ton to \$0.12/ton effective July 1, 2008, and to be reviewed at the October 9th, 2008 Board meeting for possible further changes. Mr. John Tollenaar seconded the motion. The motion passed unanimously.

SAFE ANIMAL FEED EDUCATION (SAFE) PROGRAM UPDATE

Ms. Jenna Dibble discussed the SAFE programs activities and the work plan for the remaining 2008 calendar year. She discussed the various presentations she has given as well as audits that have been conducted. To date, five feed quality assurance audits and three on-farm/feedlot mixer studies have been completed. The goal of the program is to perform 20 SAFE feed quality assurance audits, to complete 10 on-farm/feedlot mixer studies, and have a SAFE workshop in the fall of 2008. Ms. Dibble noted SAFE's research initiatives include; damaged feed as a result of the effects of mold and heat damage to food stuffs, and biosecurity and pathogen-reduction process controls in commercial feed.

LABORATORY UPDATE

Mr. Nirmal Saini informed the Board the lab had to be shut down for two days because of a drying oven malfunction. The fire department evacuated the building, and has been conducting tests throughout the facility to ensure the building is safe. He noted it has become an arduous process. Further repairs were delayed due to mold found in the dry wall. Currently, they are waiting on asbestos certificates and the proper paperwork to complete the repairs. The lab has been able to continue testing samples.

Ms. Elaine Wong called attention to the breakdown of all samples processed from January 1 to May 31, 2008. She showed the breakdown of each sample by assay as well as the turn around time for samples. She also presented the reports produced by the new Inductively Coupled Plasma (ICP) machine. Ms. Wong informed the Board the lab is currently rechecking samples, and are aiming to reach the point when feed and fertilizer samples can be tested together in the ICP.

Ms. Wong noted, the lab has experienced some environmental issues in regards to the grinding room. Industrial hygienists have recognized there is too much dust produced within the room from the grinder, so the room is going to be updated.

Also, Ms. Wong informed the Board the acid typically used to test samples is causing foaming in fertilizer samples, so the lab is in the process of adjusting the acid ingredients.

REGULATION UPDATE

Mr. Kent Kitade noted a few regulations that need to be updated. He suggested, all references of Aflatoxin B1 be changed to "total Aflatoxin." He also noted, Section 2735 of the California Code of Regulations titled Supplemental Cottonseed Products Controls, Section (e) regulations 1-5 are no longer necessary.

MOTION: A motion was made by Mr. Rob Gilbert to change all references to "Aflatoxin B1" to "total Aflatoxins" and to have Section 2735 (e) 1-5 be stricken from the regulations. Mr. Richard Hoch seconded the motion. The motion passed unanimously.

Mr. Kitade then provided the Board with an FDA update including their new BSE rule, Food Protection Plan, Import Safety Action Plan and FDA Amendments Act. He also updated the Board about Association Of American Feed Control Officer's strategic planning, Feed Safety Program, and Model Bills and Regulations.

TONNAGE FEE DISCUSSION UPDATE (TEXAS MODEL)

Ms. Krout provided an overview of a presentation given to the CGFA's feed manufacturing study group in regards to the effects of implementing the Texas Model. She noted, there is an increasing need for more feed in California with approximately 80% of total feed being imported. Currently, 83% of the revenue is through the Inspection Tonnage Tax, the Texas model would create less of a dependency on the Inspection Fee.

Mr. Chris Zanobini commended Ms. Krout and Dr. Maan for their excellent presentation to CGFA's study group and informed the Board it was well received. He noted, the study group requested Ms. Krout and Dr. Maan to give the same presentation to the CGFA Board of Directors at their July meeting.

Mr. Geary asked for the Board's help in contacting Texas manufacturers for input regarding the Texas Inspection Model. He requested Feed Inspection Advisory Board (FIAB) members' feedback before July 23, 2008. Mr. Geary would like a CGFA supported proposal ready by the next FIAB meeting in October 2008.

LEGISLATIVE INITIATIVE / SAFE PROGRAM

Mr. Geary drew the Board's attention to the Food and Agriculture Code Section 15053 (a) which states, "Beginning January 1, 2010, the license fee shall be one hundred dollars (\$100) for each location". Discussion ensued and Mr. Chris Zambini suggested the Board ask the California Grain and Feed Association to address this sunset clause and make a recommendation on how to change it rather than strike it.

MOTION: A motion was made by Mr. Thomas Prokop to request CGFA to make a recommendation of change to the Food and Agriculture Code Section 15053 (a). Mr. Frederick Frost seconded the motion. The motion passed unanimously.

Attention was then drawn to the Food and Agriculture Code Section 15061 (d) which states, "This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date" and Subsection (c) which states, "This section shall become operative on January 1, 2010." Discussion and explanation of these regulations ensued. Dr. Maan noted that Section 15061 is listed twice, the first Subsection (a)-(d); provides regulations for the SAFE program as well; while, the second Subsection 15061 (a)-(c) is for the program without SAFE.

MOTION: A motion was made by Mr. Thomas Prokop to request CGFA to make a recommendation of change to the Food and Agriculture Code Section 15061 (d) and (c). Mr. Frederick Frost seconded the motion. The motion passed unanimously.

ADDITIONAL ITEMS/NEXT MEETING

Mr. Geary called the Board's attention to an email sent by Mr. Gene Beach addressing his concerns with trucks that haul chicken manure and haul feed as a back-haul. Mr. Kitade informed the Board there are currently no regulations that deal with the transportation sector. He suggested a small task force of feed manufacturers and industry people be formed to develop guidelines. Mr. Walth noted it is the trucker's responsibility to go through a washout station and the shipper's responsibility to make sure the truck is safe for the feed before loading. Mr. Davidson informed the Board, this problem is increasing for various reasons, but primarily because no one wants to back haul empty. Dr. Maan suggested, this issue be assigned to the SAFE program to develop sanitation guidelines, and the Board agreed.

Mr. Dale Rice reminded the Board that all Feed Inspection Advisory Board meetings are open to the public. He noted the Board is in compliance with the Bagley-Keen Open

Meeting Act of 2004. He noted teleconference meetings also must be posted on the internet for at least 10 days and must be publicly accessible.

Mr. Walth commended the Branch for providing an electronic copy of the meeting material in advance for the Board members to review prior to the meeting.

The next Board meeting has been scheduled for October 9, 2008 at 9:30 a.m., in Modesto, the exact location to be determined at a later date.

ADJOURNMENT

MOTION: A motion was made by Mr. Thomas Prokop to adjourn the meeting. Mr. Hoch seconded the motion. The motion passed unanimously. The meeting was adjourned at 12:04 a.m.

Respectfully submitted by:

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

Date

AAM/AJ