

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
FEED INSPECTION ADVISORY BOARD (FIAB) MEETING
Modesto, California
October 9, 2008
MINUTES**

MEMBERS

Thomas Geary
Richard Hoch
Thomas Prokop
Jon Tollenaar
John Walth
Michael Koewler
Tom Daly

CDFA

Nate Dechoretz
Asif A. Maan
Natalie Krout
Nirmal Saini
Mike Davidson
Dale Rice
Elaine Wong
Kent Kitade
Avnee Jivabhai
Jenna Areias
Cyril Huisman
Chris Hansen
Frank Delgado

INTERESTED PARTIES

Tad Bell – CGFA
Gene Beach
Gary Caseri – County Ag
Commissioner (Stanislaus)

CALL TO ORDER

Chairman Thomas Geary called the meeting to order at 9:35 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 June 26, 2008. No changes were submitted.

MOTION: Mr. John Walth moved to approve the June 26, 2008 Board meeting minutes as presented. Mr. Thomas Prokop seconded the motion. The motion passed unanimously.

DEPARTMENT / DIVISION / BRANCH UPDATE

Mr. Nate Dechoretz informed the Board that the lack of a budget has consequently impacted the branch. There is a hiring and promotion freeze, as well as several

service contracts terminated as a result of the budget crisis. Although, he noted that all Inspection and Compliance programs are doing well, and strategic planning has been completed on four programs. The organic inspection program will start their strategic planning next month. He expressed special appreciation to the Board for originally suggesting the Strategic Planning process which has spread throughout the division. Mr. Dechoretz also asked the Board to provide input to Ag Vision if possible.

Mr. Geary inquired to the status of the Information Technology (IT) project. Mr. Dechoretz informed the Board that a vendor and software have been identified, but is on hold until the budget is passed. He noted that software was developed for the leafy green program which has been in use for a few months now. Industry members have expressed their satisfaction with the new software as it allows access to their information at any time.

Mr. Tad Bell offered support from the California Grain and Feed Association (CGFA) if it would benefit the process to receive an exemption from the freeze. Mr. Dechoretz replied that he will contact the Secretary to seek approval of the project before the freeze is lifted.

Mr. Dechoretz reminded the Board of State Agriculture Code indirect costs limited to 5% of the total budget. He noted a decreased personal service and increased operational costs would result in decreased indirect costs. While the limit is set at five percent, redistribution may occur based on administrative work. He noted the formula is subject to change in the future.

Dr. Asif Maan informed the Board that the Fertilizing Materials Inspection Program strategic planning and the reorganization of the programs are complete. The Feed and Livestock Drugs Inspection Registration program will be led by Mrs. Natalie Krout-Greenburg, while the Fertilizing Materials Inspection Program will be led by Dr. Amrith Gunasekara. Dr. Maan called the Board's attention to the branch organizational chart depicting the four programs and vacancies in the branch.

Dr. Maan noted the promotion of Mr. Michael Davidson to Senior Special Investigator; the appointment of Mrs. Jenna Areias as Safe Animal Feed Education (SAFE) Program Specialist; and the hiring of Ms. Bryce Praditkul as Lab Desk Coordinator/Research Analyst. Dr. Maan also informed the Board that the exam for Special Investigator will be held on October 2, and Feed, Fertilizer and Livestock Drugs inspector exam is scheduled in November. He also noted that the branch has been promoting the open positions around University campuses to increase the candidacy pool. Dr. Maan reminded the Board that no vacancies can be filled until after the hiring freeze is lifted.

Dr. Maan informed the Board that the IT “as-is” and “to-be” documents have been completed along with the Internal Feasibility Study Report. A vendor and software have been selected, but the contract is on hold until a budget is passed. Dr. Maan noted his personal goal to implement the database change by the end of this fiscal year.

FUND CONDITION

Dr. Maan called the board’s attention to the Feed Inspection Program and SAFE fund condition and noted a FY 07/08 beginning balance of \$1,445,568 on July 1, 2007, and an ending balance of \$2,479,298 as of June 30, 2008. For FY 08/09 he noted a beginning balance of \$2,479,298 as of July 1, 2008, and an ending balance of \$3,287,905 as of August 31, 2008.

Mr. Geary questioned the current reported tonnage figures with the revenue presented in the proposed budget. Dr. Maan replied that the number of tons reported has increased from 15 to 18 million tons resulting in an increase in revenue. Dr. Maan noted that most licenses were renewed in July and August resulting in approximately \$463,000 in revenue. This is an annual fee however; tonnage taxes will still be collected and will continue to impact the revenue for this fiscal year as well.

Mr. Bell asked if the approved FY 08/09 Feed Inspection Program budget of \$2.9 million included costs of all the positions within the branch and future hires. Dr. Maan verified that information, and reminded the Board that the approved budget was developed with 18 million tons being reported.

PROGRAM UPDATE

Mrs. Natalie Krout-Greenburg provided the Board with a summary of the program’s progress. She noted 126 bovine spongiform encephalopathy (BSE) investigations have been completed for the 2008 federal contract and a contract is in place for FY 2009. Fifty-six tissue residue tests have been completed as assigned and a contract is in place for 2009 as well. The Food and Drug Administration (FDA) will be conducting a BSE inspection training workshop on November 6, 2008 in Irvine, California.

Mrs. Krout-Greenburg noted 83% of lab reports have a turn around time of less than thirty days from the date the sample is taken to the date the report is mailed out. She noted that a 2007 sampling summary has been created. Mrs. Krout-Greenburg noted 281 firms have been sampled resulting in a total of 999 official samples with a 28% violation rate. She brought to the Board’s attention that 46 of the 281 firms sampled had

violation rates above 30 percent. She apprised Board members that regulatory action has been taken for all 46 firms with high violation rates by increasing the samples taken number from 3 to 10.

Mrs. Krout-Greenburg noted 1,900 license renewals were sent out and 1,500 have been renewed. At this time of the year, 400 outstanding renewals are not usual. Second notices were sent on October 3rd, and final notices will follow on November 7th. Subsequently, field staff will be sent to delinquent firms for follow up, if renewals are not received.

Discussion ensued in regards to specific issues the program handled in the last few months.

SAFE ANIMAL FEED EDUCATION (SAFE) PROGRAM UPDATE

Mrs. Jenna Areias shared SAFE's recent accomplishments including the development of branch informational folders for the general public. Mr. Geary requested that the documents in the folder be accessible online.

Mrs. Areias also informed the board that 10 feed quality assurance audits and four dairy on-farm mixer studies have been completed to date.

SAFE goals include participation in the Animal Disposal Group, developing a sampling protocol, publishing mixer studies, and hosting a workshop with the industry.

Mr. Geary commended SAFE on its accomplishments and noted the need for the program in the state.

ASSOCIATION OF AMERICAN FEED CONTROL OFFICIALS (AAFCO) MEETING UPDATE

Mr. Davidson informed the Board that Mr. Kent Kitade will serve as the AAFCO President next year.

Mr. Kitade noted that 2009 will be AAFCO's centennial anniversary and efforts are underway to organize a meeting in the same location as the first meeting.

Mr. Kitade informed the Board that AAFCO is currently conducting strategic planning for 2010-2014. He also commented on Federal regulations on animal feed in the near future which may impact the feed program. Mr. Dechoretz requested Mr. Kitade begin compiling specific impacts of the federal regulation to the feed program and/or industry.

Mr. Bell questioned the status of camelina use in animal feed. Mr. Kitade noted that the FDA is approving on a case-by-case basis at this time.

LABORATORY UPDATE

Ms. Elaine Wong informed the Board that from January 1, 2008 to June 1, 2008, 246 samples were tested with more than 2000 assays completed. She also noted that the new oven allows for larger samples and faster drying time. She noted the lab is aiming for a fifteen day turn-around time on samples received. Currently, a majority of the samples received have been almond hulls and cottonseed that have been labeled as prime, but prove to be damaged upon conducting a microscopy.

Mr. Nirmal Saini noted that a new grinder has been ordered and should arrive in November. However, the room for the grinder is not adequate, so efforts are being made to make dust removal from the room more efficient. He noted that damages from the fire have not been completed due to the budget freeze, but a majority of the progress is being made on an emergency basis.

REGULATION UPDATE

Mr. Kitade informed the Board that he is still in the process of drafting language for changes with Aflatoxin regulations. He noted the Aflatoxin reference in the current regulation was incorrect, and has received clarification from FDA to change the regulation from Aflatoxin B1 to total Aflatoxins.

Mr. Davidson noted that while California has Aflatoxin regulations in place, the FDA does not even though Aflatoxins can be potent.

CALIFORNIA GRAIN FEED ASSOCIATION (CGFA) BOARD OF DIRECTORS MEETING UPDATE

Mr. Geary reported on the presentation of the Texas Model to CGFA Board of Directors. The Board decided to continue with the current funding model. Since the CGFA Board represents the majority of the tax paying entities, the Texas Model will be shelved for consideration. CGFA stated it would like to further discuss other aspects in group meetings and have CDFA input in regards to license fees. They would like to explore the current license fee for further possible changes.

Mr. Geary also requested CGFA assist with the removal of the sunset clause and noted that Mr. Richard Hoch will probably present the idea to the CGFA Board.

Mr. Bell reiterated that CGFA is okay with the current tonnage tax funding model, but would probably look at the revenue collection method differently by increasing license fees and decreasing mill assessment fees. He also noted that while CGFA is willing to help with the sunset clause, they would prefer to keep the clause. He noted that the process will require some time as a bill will be drafted, introduced, and passed through the legislative process.

Discussion ensued amongst the Board into the possibility of increasing the tonnage tax in the future. Mr. Prokop questioned why hay is not included in the tonnage tax. Mr. Davidson replied that hay is only addressed when complaints are received, as the law states. Therefore charging any taxes on hay would require law changes. He noted grain poses more of a feed safety risk than anything else.

ELECTION OF VICE-CHAIRMAN

Mr. Geary informed the Board that he has decided to step down from his position as Chairman. He has discussed this decision with Dr. Maan and Mr. Dechoretz as well as a few of the Board members. Mr. Geary would like the Board to elect a Vice-Chairman who will transition to Chairman at the February meeting. Mr. Richard Hoch has been asked to stand as Vice Chairman and has agreed. Mr. Geary asked if anyone else would like to stand as Vice Chairman or if anyone has any questions, comments or concerns.

MOTION: Mr. John Walth moved to elect Mr. Richard Hoch as Vice-Chairman. Mr. Michael Koewler seconded the motion. The motion passed unanimously.

ADDITIONAL ITEMS/NEXT MEETING

Dr. Maan reminded the Board that two Board appointments will be expiring in April. He informed them that a press release will go out in December. He will be working with CGFA to find candidates and a letter for re-appointment interest will be sent to current members.

Mr. Dale Rice requested that all Board members send him an updated resume prior to the February meeting.

The next Board meeting has been scheduled for February 19, 2008 in Sacramento. Time and location will be announced at a later date.

ADJOURNMENT

MOTION: Mr. John Walth moved to adjourn the meeting. Mr. Thomas Prokop seconded the motion. The motion passed unanimously. The meeting was adjourned at 11:46 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