

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

**CDFA Inspection Services Division
2800 Gateway Oaks Drive, Room 101
Sacramento, CA 95833**

**October 11, 2013
MINUTES**

MEMBERS

Andrew Godfrey
Brad Baltzer
David McEuen
Doug Graham
Jake Evans
Jay Yost
Rachel Oster
Steve Spangler

CDFA

Amadou Ba
Adriana Avalos
Asif Maan
Dale Rice
Dale Woods
Doug West
Elaine Wong
Evelyne Ndiaye
Kimber Collins
Luz Roa
Maria Hicks
Mike Gingles
Nick Young
Nirmal Saini
Rick Jensen
Wei Wu

INTERESTED PARTIES

Deborah Stemwedel
Mark Brady
Michelle Miller
Pedro Topete
Steve Beckley
Tad Bell
Tim Stemwedel

INTRODUCTIONS & ANNOUNCEMENTS

The meeting was called to order by Chairperson, Mr. Jay Yost at 9:00 a.m. Self-introductions were made and a quorum was established.

APPROVE JULY 18, 2013 MEETING MINUTES

Chairperson Yost requested the board review the meeting minutes from the July 18, 2013 meeting. Mr. David McEuen requested the clarification of the Technical Advisory Subcommittee's (TASC) concern over FREP funds being used for funding projects not reviewed by the TASC.

MOTION: Mr. Brad Baltzer moved to approve the minutes as amended. Mr. Steve Spangler seconded; the motion passed unanimously.

DEPARTMENT/DIVISION/BRANCH UPDATES

Mr. Rick Jensen stated Mr. Nate Dechoretz, Deputy Secretary of Finance, officially retired in September 2013. Additionally, Mr. Robert Leavitt stepped down as the Director of Plant Health Division; the Department is looking to fill that position.

Mr. Jensen stated the Farm to Fork program has developed a live website (cafarmtofork.com) through Specialty Crop Block Grant funds.

Ms. Natalie Krout-Greenberg, the Division's Special Assistant, recently had her second baby, a baby boy.

Dr. Asif Maan stated Ms. Jenna Areias is now acting Branch Chief for the Commercial Feed program; the Department is looking to fill the position.

Ms. Kimber Collins joined the Fertilizer program as an Environmental Scientist and Mr. Dan Hartigan joined Fertilizer program as a Special Investigator in Ontario.

Dr. Maan made a presentation on nitrates, explained how it is an issue and what the Fertilizer Research and Education Program (FREP) has done to address it. The Department formed a task force to study the nitrate issue in 1988; FREP was established as a result. To date, FREP has funded over 160 research projects, spending over \$12 million. In 2012, UC Davis' report, for the State Water Resource Control Board (SWRCB), to the legislature addressing nitrate in California's drinking water was published; the findings were similar to the 1989 report. They identified potential remediation solutions and observed how cropland, manure and fertilizer usage has changed from 1940 to 2010. Cropland has leveled off, and the application of commercial fertilizer has slowed. Manure application has increased, and the harvested nitrogen has substantially increased; growers increased efficiency during that time frame. UC Davis' report recognizes remediation solutions are costly; they identified a drinking water treatment/blending/alternate water supply, which is more cost effective. The SWRCB's 2012 report to the legislature consisted of fifteen recommendations. Recommendation 11 was to develop and implement nitrogen mass-balance tracking and reporting system in nitrate high-risk areas. This recommendation required the Department to form a Nitrogen Tracking and Reporting System Task Force to provide the SWRCB with a recommendation to address nitrogen tracking and reporting. The Department, in coordination with SWRCB, held four meetings of 28 experts from academia, the agricultural community, environmental interests, Natural Resource Conservation Service, regulators, and other experts. Secretary Karen Ross chaired the meetings, and they were facilitated by California State University, Sacramento. The task force studied several systems, and composed a reporting system recommendation. Their recommendations are currently being finalized.

Discussion ensued regarding nitrate loading and leaching.

Dr. Maan reviewed the progress the Feed and Fertilizer programs have made. He thanked the board and the industry for their support. He informed the board that he will be retiring at the end of October and has accepted a position as Chief Executive Officer of Cooperative Agricultural Support Services.

The board and CDFA staff thanked Dr. Maan for his work with the program and the industry.

LABEL REGISTRATION UPDATES

Ms. Luz Roa stated for conventional fertilizer registrations, 115 applications are pending review, and there are 6,862 approved conventional product types. For OIM registration applications, there are 1,075 approved, 261 are with the applicant, and 133 are with the program registration staff.

The Fertilizer workshop will be held October 16 and 17, 2013 in Visalia. Registration renewals will be in January 2014.

INSPECTION AND COMPLIANCE UPDATES

Mr. Nick Young provided the board with inspection and compliance updates. As of September 30, 2013, there were 168 OIM licensees who required an inspection in California; this is an increase of 37 firms from 2012. For 2013, 98 OIM licensees have been inspected so far; that is 61 percent.

Mr. Jay Yost informed the board that a working group has been formed to address out-of-state OIM inspections. The working group has met once, and the program's goal is to have a plan in place to address out-of-state inspections by the next board meeting.

Mr. Young informed the board the program settled a legal case regarding adulterated fertilizer for \$150,000. The case expanded to other firms who were selling the adulterated product. In two other civil penalty cases, firms paid their penalties (\$11,948 & \$7,600). Two additional firms settled (\$10,903 & \$8,000) and agreed to pay their penalties in installments. A hearing for a different civil penalty case was heard, and the program is confident it went well. Two cases will be filed soon for products that were being sold without being registered.

Mr. Tad Bell stated if new language for the out-of-state inspections is drafted, the program should consider adding language into the law that stipulates the Department can submit press releases on violation successes and language that allows the secretary to set the mill assessment. This will assist the program in not having to go through the Office of Administrative Law (OAL) process.

PROGRAM UPDATES/FUND CONDITIONS AND PROPOSED BUDGETS

Dr. Amadou Ba stated the fertilizer regulations were approved by OAL and will be effective January 1, 2014.

Dr. Ba stated the budget subcommittee approved seven additional positions for the Fertilizer program; five positions were for Fertilizer program and two positions were for the FREP. The fertilizer program will have two Senior Environmental Scientists (SES) (Specialist), two Special Investigators, and one Associate Governmental Program Analyst. The FREP will have one SES (Supervisor) and one Environmental Scientist. This will increase the proposed budget; the program will do a gap analysis to see if the positions need to be filled.

Mr. Yost commented that the program did not request these positions and they will not all be filled if they are not needed. Mr. Jensen noted the program had to make a decision about what classification were needed quickly, but the positions can be reclassified if needed.

Discussion ensued regarding what the positions will be used for. Dr. Ba stated the program's mandate is to ensure the safe and efficient use of fertilizing material.

Dr. Ba presented the financial summary for the Fertilizer program. As of June 30, 2013, the program's beginning balance was \$1,869,063; there was \$2,703,499 in revenue and \$3,017,207 in expenditures. The ending fund balance, including the Bank of America Certificate of Deposit was \$4,610,891.

Dr. Ba presented the financial summary for the OIM program. As of June 30, 2013, the beginning balance was -\$37,822; revenue was \$378,210 plus a \$200,000 subsidy from the Fertilizer program, expenditures were \$527,382. The ending balance was \$13,006.

Dr. Ba informed the board the Fertilizer program Fiscal Year (FY) 2013/14 budget needs to be revised due to the new positions. The original approved budget was \$3,462,411; the revised budget is \$3,817,756. The proposed FY 2014/15 budget is \$4,025,744.

Dr. Ba informed the board the OIM program's FY 2013/14 budget was \$752,648. The proposed FY 2014/15 budget is \$807,533.

Mr. Yost commented if we increase mill from \$0.001 to \$0.002, the seven positions will be covered and the revenue will be increased; he suggested raising the mill to \$0.0015. He also commented fertilizer prices are going to decrease by approximately 50 percent for certain types of products.

Dr. Ba encouraged the board to consider raising the mill to \$0.002 because it is easier to decrease the mill in the future versus increase the mill two times.

Mr. Jensen informed the board the mill increase has to go through the regulatory process, and there is no guarantee it will be approved by OAL.

Discussion ensued regarding raising the mill.

MOTION: Mr. Doug Graham moved to approve the FY 2013/14 combined revised budget of \$4,570,404 and the proposed FY 2014/15 budget of \$4,833,277 and to increase the mill from one mill (\$0.001) to one and one half mill (\$0.0015) effective April 1, 2014. Mr. Steve Spangler seconded; the motion passed unanimously.

Dr. Ba reviewed FREP's financial summary. As of June 30, 2013, the beginning total balance was \$3,094,519. Revenue was \$1,037,529 and expenditures were \$1,240,493. The ending balance was \$2,891,555; encumbrances through 2015/16 are \$533,314. The adjusted ending balance was \$2,358,241.

Dr. Ba informed the board FREP's FY 2013/14 budget needs to be revised due to the additional positions. The 2013/14 budget was originally \$2,129,908; it has been revised to \$2,320,143. The proposed 2014/15 budget is \$2,457,116.

Mr. Yost commented the budget needs to be scrutinized because if fertilizer prices drop, the FREP budget may need to be revised again.

MOTION: Mr. Jake Evans moved to approve the FREP's revised FY 2013/14 budget of \$2,320,143 and approve the FY 2014/15 budget of \$2,457,116. Ms. Rachel Oster seconded; the motion passed unanimously.

- A break was taken from 10:45 a.m. to 10:55 a.m.

LABORATORY UPDATE

Ms. Elaine Wong stated as of August 2013, the lab had received 708 samples in 2013. There were 664 routine samples, 23 priority samples, 2 partial rush samples, and 19 rush samples. The average number of assays per sample is 5.08. There currently are no late samples pending.

Discussion ensued regarding sample turnaround time and testing of plant growth regulators.

FREP UPDATES

Dr. Doug West stated there are 33 active projects. The program's grant request for the \$500,000 Conservation Innovation Grant was rejected. The Nitrogen Management training program for Certified Crop Advisor's curriculum is being developed. The deadline for final development is October 31, 2013. The trainings will be held in Modesto, Woodland, Fresno, Salinas, and Tulare. The annual FREP conference will be October 29 and 30, 2013 in Modesto at the Doubletree hotel. Registration forms are available on the Department website.

FREP-TASC VACANCIES

There are currently three vacancies on the TASC that need to be filled. The board should make a recommendation on these appointments.

Mr. Yost encouraged the board to review all qualified candidates; it is the desire of the secretary to have diverse subcommittees and boards.

MOTION: Mr. Brad Baltzer moved to recommend the appointment of Steve Spangler, Robert Mikkelsen, and Chales Hornung to the FREP-TASC. Mr. Doug Graham seconded; the motion passed unanimously.

BOARD VACANCIES

Mr. Yost stated since Dr. Maan is leaving the Department, Mr. John Salmonson and he do not want to be reappointed when their terms expire. He suggested to the board that they make new recommendations to the secretary for the vacancies.

Mr. Evans stated the new members should be from the conventional fertilizer industry since the board is already adequately represented by the organic industry. Mr. Graham concurred.

MOTION: Mr. Doug Graham moved to recommend to the secretary the appointment of Steve Spangler, Brad Baltzer, and David McEuen to the board. Ms. Rachel Oster seconded; the motion passed unanimously.

ADDITIONAL ITEMS/NEXT MEETING

Mr. Mark Brady recommended to the board and CDFA on greater labeling requirements. He stated nitrates are a big issue, yet on fertilizer labels, sodium is not required to be on the label. He recommended fertilizer label regulations be improved to include sodium.

Mr. Young stated the recommended change could be discussed at the annual Association of American Plant Food Control Officials (AAPFCO) meeting in Sacramento. Mr. Young stated he will bring up this recommendation and will report back to the board after the AAPFCO meeting.

Mr. Jensen stated the Department will be conducting outreach because the secretary and the Division need a mechanism to get to a specific segment of the fertilizer industry. The outreach will be done when the Nitrogen Tracking and Reporting System Task Force has finalized their recommendation to the SWRCB. He asked for suggestions from the board.

Mr. Brady suggested a representative from a Certified Crop Advisor.

Mr. Yost suggested Ms. Renee Pinel work with Dr. Maan and Mr. Jensen to compose a plan.

The next board meeting will be on February 20, 2014 at 9:00 a.m. in Fresno.

MOTION: Mr. Jake Evans moved to adjourn the meeting at 11:28 a.m.; Mr. Steve Spangler seconded; the motion passed unanimously.

Respectfully submitted by:



Amadou Ba, Ph.D.
Environmental Program Manager I
Fertilizing Materials Inspection Program

3/14/13

Date