

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

**CDFA Inspection Services Division
2800 Gateway Oaks Drive, Room 267
Sacramento, CA 95833**

**September 27, 2012
MINUTES**

MEMBERS

David McEuen
Doug Graham
Jay Yost, Chairperson
John Peterson
John Salmonon
Sanford Simon

CDFA

Amadou Ba
Amrith Gunasekara
Asif Maan
Dale Rice
Doug West
Edward Hard
Elaine Wong
Greg Mukai
Kris Gulliver
Luz Roa
Maria Hicks
Mike Gingles
Natalie Krout-Greenberg
Nick Young
Nirmal Saini

INTERESTED PARTIES

Andrea Vogt, Target Specialty Products
Eric Olsen, Sea-Crop of California
Mark Brady, Plant Food Systems
Pedro Topete, Mar y Tierra
Steve Beckley, OFAC
Tad Bell, Veloconsulting
Terry Stark, CAPCA

INTRODUCTIONS & ANNOUNCEMENTS

The meeting was called to order at 9:10 a.m. by Chairperson, Mr. Jay Yost. Self-introductions were made and a quorum was established. Mr. Steve Spangler and Mr. Brad Baltzer informed the Chairperson they were unable to attend the meeting. Ms. Rachel Oster was not present.

APPROVE JANUARY 27, 2012 MEETING MINUTES

Chairperson, Mr. Yost requested that the board review the meeting minutes from the June 28, 2012, Fertilizer Inspection Advisory Board (FIAB) meeting.

MOTION: Mr. Sandy Simon moved to approve the meeting minutes as submitted. Mr. John Peterson seconded; the motion passed unanimously.

DEPARTMENT/DIVISION/ UPDATE

Ms. Natalie Krout-Greenberg provided the board with Department and Division updates. The Strategic Growth Counsel introduced legislation in 2011 that allowed the Division of Inspection Services to create the Farm to Fork program. The program is a collaboration between the Department of Education, Department of Public Health, and the California Department of Food and Agriculture (CDFA). The program will have two dedicated positions that will be paid through federal funds for a limited two-year duration. The Farm to Fork program will extend the availability and affordability of locally grown produce in the state. Discussion ensued regarding the Farm to Fork program.

Ms. Krout-Greenberg informed the board that the results of the November, Proposition 30, ballot tax initiatives, will play a large role in how the current budget condition will be handled in the state. The Department is facing a reduction in federal funds which currently assist some of the Department's program. Those funds are being used to maintain current activities for programs that previously lost general fund dollars. The Farm Bill will expire later this month for the first time in history. The Department is looking closely at the short and long-term impact of the Farm Bill; likewise they are focusing especially on those programs which are critical to carry out the Departments mission to protect, and which have been affected by the loss of funding both through the general fund and through federal funds.

Dr. Asif Maan provided Branch updates. He iterated the program is affected by the Governor's implementation of the personal leave program, which requires staff to take one day of unpaid leave monthly.

Dr. Maan further stated another issue that may affect the branch is corn coming into California from the Midwest; it may be high in aflatoxin because of the drought.

FREP Initiatives, AB 2174/Mill Assessment Review

Dr. Maan discussed the Fertilizer Research and Education Program's (FREP) initiatives. The initiatives include: an online searchable database; field demonstration of FREP research; a United States Department of Agriculture (USDA)-Natural Resources Conservation Service (NRCS)-Conservation Innovation Grant (CIG); Special Request for Proposal (RFP), Nitrogen Management Plan; Assembly Bill (AB) 2174 and FREP direction; and FREP's functions, capacity, and funds.

FREP's online searchable database is now live; data will continue to be entered on a flow basis. Dr. Maan provided the board with a brief tutorial of the database, highlighting various search criteria's that can be used.

FREP applied for a USDA-NRCS-CIG grant; the grant request was denied. The USDA was looking for a multi-state grant.

Six proposals were received for the special RFP. The goal of the proposals was to answer the question, "Is one pound of nitrate in irrigation water equivalent to one pound of properly managed fertilizer?" The Technical Advisory Subcommittee (TASC) reviewed the proposals and peer reviews were conducted. A scoring system was created and used; two proposals were recommended for approval by the TASC. Dr. Maan informed the board that Dr. Doug West will provide additional details regarding the proposals in Agenda Item 9.

The Nitrogen Management Certification plan has been established in coordination with UC Davis, Agricultural and Natural Resources, and UC Extension to create training curriculum modules. A stakeholder's ad hoc committee will be formed to provide feedback on curriculum development. It will be comprised of the FIAB, academia, certified crop advisor's, and other interested parties.

AB 2174 was signed by the Governor and has been chaptered. The FIAB has a critical role in AB 2174 and the direction of the FREP. AB 2174 puts more emphasis on FREP resources, including technical education for fertilizer uses; research on agronomically sound use of fertilizers; and education and outreach. Dr. Maan recommended that the board increase the mill assessment to one full mill to provide necessary funds for FREP initiatives.

Chairperson, Mr. Yost commented that over the next few years, there will probably be a reduction in fertilizer prices, which will affect the revenue received by the Department. If the mill is raised, it can still be decreased in the future if necessary.

Mr. Peterson suggested increasing the mill assessment in increments. Mr. John Salmonson commented that the FREP has funded over \$12 million in research projects and great data has been produced. The FIAB needs to continue supporting FREP objectives and initiatives, and provide sufficient funds for the program.

Discussion ensued regarding fertilizing material prices and increasing the mill assessment.

MOTION: Mr. John Peterson moved to increase the mill assessment from one half of a mill (\$0.0005) to one full mill (\$0.001) for FREP. Mr. John Salmonson seconded; the motion passed unanimously.

MOTION: Mr. Doug Graham moved that the effective date of the FREP mill increase be January 1, 2013. Mr. Sandy Simon seconded; the motion passed unanimously.

PROGRAM UPDATES/FUND CONDITIONS AND PROPOSED BUDGETS

Dr. Amadou Ba provided the board with program updates. Dr. Ba stated the program is seeking ISO 65 certification for the Organic Input Material (OIM) program, but it is a lengthy process. In order to enhance communication between the National Organic Program (NOP) and the OIM program, the OIM program invited Dr. Lisa Brines, NOP List Manager, to view the program's procedures and policies in regards to material review. She was impressed with the program's processes, but stated that the USDA-NOP does not have authority in regulating Material Review Organizations. Therefore, the NOP is recommending the program embark on the ISO 65 certification process. Dr. Ba stated the program's goal is to obtain ISO 65 certification, although it does not impact our processes in any way. Another program within the Division is working to obtain ISO 65 certification; the OIM program will interact with that program to learn the intricacies of obtaining certification.

Mr. Steve Beckley complimented the program on behalf of the Organic Fertilizer Association of California (OFAC) for seeking ISO 65 certification.

Dr. Ba reviewed the Fertilizing Materials Inspection Program's (FMIP) fund condition. As of July 1, 2012, the program had a beginning balance of \$2,363,752. There was \$2,792,164 in revenue through June 30, 2012; and expenditures were \$3,286,853. The ending balance was \$1,869,063; there was \$3,049,965 in the Bank of America certificate of deposit. The total combined ending balance was \$4,919,028.

Dr. Ba reviewed the FREP's fund condition. As of July 1, 2011, the program had a beginning balance of \$3,006,179. There was \$1,298,491 in revenue through June 30, 2012; there was \$1,210,151 in expenditures. The ending balance was \$3,094,519. Encumbrances were \$2,950,669; the adjusted ending balance was \$143,850.

Dr. Ba reviewed mill assessment trends, stating revenue for the last quarter was approximately \$930,000. The revenue may level off soon due to a decrease in fertilizer prices.

Dr. Ba reviewed the proposed budget for FY 2013/2014 for the FMIP, including personnel costs, distributed costs, and operating expenses. The total proposed budget was \$3,662,411.

Mr. Simon asked what indirect charges for the Division consist of, and why they increased. Dr. Ba responded stating the Division indirect charge is a shared cost that provides funding for the division administration, which includes salaries of the directorate staff. It is calculated through a shared cost among branches; they provide direction and oversight over the branches. Ms. Krout-Greenberg stated the division plans to hire an additional analyst which attributes to the cost increase.

Dr. Ba reviewed the proposed budget for FY 2013/2014 for the OIM program, including personnel costs, distributed costs, and operating expenses. The total proposed budget is \$952,648.

Discussion ensued regarding the FMIP providing the OIM program \$200,000 until the program is fully self reliant and regarding the proposed budgets.

MOTION: Mr. David McEuen moved to approve the FMIP budget in the amount of \$3,662,411 and the OIM program budget in the amount of \$952,648; Mr. Doug Graham seconded; the motion passed unanimously.

Dr. Ba reviewed FREP's revised budget for FY 2012/2013. Dr. Ba proposed an increase in the budget from \$1,577,542 to \$1,918,112. Dr. Ba then reviewed the proposed budget for FY 2013/2014 for FREP, including personnel costs, distributed costs, and operating expenses. The total proposed budget for FY 2013/2014 is \$2,129,908.

MOTION: Mr. John Salmonson moved to approve FREP's revised FY 2012/2013 budget in the amount of \$1,918,112 and FREP's proposed 2013/2014 budget in the amount of \$2,129,908. Mr. John Peterson seconded; the motion passed unanimously.

LABEL REGISTRATION UPDATES

Ms. Luz Roa provided the board with an update on conventional fertilizer registration applications. There are 56 labels within the 30 day review period, three labels within the 60 day review period, and one label within the 90 day review period.

Ms. Roa provided the board with an update on OIM registration applications. There are 615 approved labels, 295 labels that require data revisions, 109 labels pending review by registration staff, and 122 labels need to be resubmitted to the program because additional documentation or revisions were required.

Mr. Peterson asked the status of the provisional label registrations that were set to expire at the end of September 2012 for products that had a material review organization certificate. Ms. Roa stated staff are in the process of reviewing the additional information that was required by the program.

Chairperson, Mr. Yost and Mr. Salmonson and commended the program for doing a great job reviewing the OIM labels.

Ms. Roa informed the board there will be a Fertilizer Registration workshop at the Embassy Suites in Seaside, California on October 17 and 18, 2012. So far, there have been 21 registration applications received.

- A break was taken from 10:30 a.m. to 10:40 a.m.

INSPECTION AND COMPLIANCE UPDATES

Mr. Nick Young provided the board with a detailed update of OIM facility inspections, including maps detailing the inspections conducted to date and inspections that need to be conducted. Mr. Young iterated there were 144 firms initially designated as needing an OIM inspection in California. He clarified that this number will probably decrease by 15 to 30 firms for various reasons. He reported there have been 86 OIM inspections completed through August 2012.

Mr. Beckley asked the status of out-of-state firms needing OIM inspections. Mr. Young stated there are challenges with conducting out-of-state inspections because of confidentiality. A Memorandum of Understanding (MOU) will need to be established with third party entities to begin the inspections. Some of the third party entities have approached CDFA regarding conducting out of state inspections, but there have not been any MOU's formulated yet.

Mr. Peterson asked if there have been a lot of firms not in compliance from the OIM inspections that have been conducted. Mr. Young stated that most of the issues that have arisen from the inspections are minor, such as a company using a product that requires further verification by the program.

Mr. Peterson asked if adulteration is an issue. Mr. Young responded stating adulteration usually appears through the process of multiple inspections, and has not yet been an issue.

FREP UPDATES

Mr. Edward Hard provided the board with a brief update on FREP funded projects. There are currently 31 ongoing projects; four projects require minor changes to the scope of work and to increase lab analysis costs.

SPECIAL RFP-TASC RECOMMENDATIONS

Dr. West provided the board with an update of the six proposals received for FREP's special RFP. The goal was to answer the question, "Is one pound of nitrate in irrigation water equivalent to one pound of properly managed fertilizer?"

Dr. West reviewed the score sheets for the two proposals that received scores above 90. Project S12-01, (Cahn, Smith, Hartz) and project S12-05 (Smart, Brown, Harter, Hopmans).

Dr. West stated that the Smart, Brown, Harter, Hopmans proposal was able to reduce their budget from \$422,456.88 to \$304,597.50 by reducing the locations from four sites to two sites.

Mr. David McEuen commended the staff on scrutinizing the budgets proposed by the researchers and for their insightful presentations of project details.

Mr. Salmonson commented that it would be beneficial for the board to take a field trip to view the work of some the projects.

Chairperson, Mr. Yost stated we should let project S12-05 work with the four sites; it seems more beneficial information would be received if there were more data. Discussion ensued regarding the special proposals.

MOTION: Mr. John Salmonson moved that project S12-05 be approved in the amount of \$422,456 and project S12-01 be approved in the amount of \$180,459 as proposed by the TASC, with the option of enhancing the Salinas project (S12-05) in order to work with four locations. Mr. Doug Graham seconded; the motion passed unanimously.

LABORATORY UPDATES

Ms. Elaine Wong stated recently there has been an increase in plant growth regulators being tested. From January to August 2012, 523 samples were received. Of those samples, 479 were routine, eight were priority, eight were partial rush, and 28 were rush samples. There were a total of 494 samples completed. The average number of assays per sample was 6.50. The majority of samples were completed within 14 days.

FREP-TASC VACANCY

Dr. Maan stated there is one vacancy on the TASC of the FIAB; the vacancy was advertised and the program received three applications. Applicant's qualifications were discussed at the recent TASC meeting, and Mr. Jack Wackerman was recommended to be appointed for another three-year term. They recommended Mr. Wackerman because he has years of experience in the industry and because he brings a different point of view to the TASC.

MOTION: Mr. John Salmonson moved to recommend that Mr. Jack Wackerman be appointed to the TASC for a three-year term. Mr. David McEuen seconded; the motion passed unanimously.

BOARD VACANCIES

Chairperson, Mr. Yost informed the board there are three upcoming vacancies on the FIAB, and there is a change in the process of how vacancies will be discussed. The

board will now discuss vacancies during the open session instead of the previous practice, which was a closed session.

Chairperson, Mr. Yost encouraged the board to proceed with a process of elimination in order to select the best candidates to represent California agriculture, including diversity. These considerations assist the board in remaining well balanced.

Discussion ensued about candidates and recommendations.

Mr. Salmonson encouraged individuals who were not recommended to continue applying for the board because there will be three vacancies yearly.

MOTION: Mr. John Salmonson moved that the board recommend Mr. John Peterson, Ms. Rachel Oster, Mr. Andrew Godfrey, Mr. Jake Evans, Mr. Mark Brady, Mr. Sandy Simon, and Ms. Deborah Stemwedel for the Secretary's consideration for the three board vacancies. Mr. David McEuen seconded; the motion passed unanimously.

ADDITIONAL ITEMS/NEXT MEETING

The next meeting will be the week of February 11, 2013 in Fresno; Doodle will be used to determine an exact date.

MOTION: Mr. John Salmonson moved to adjourn the meeting; Mr. Doug Graham seconded. The motion passed unanimously, and the meeting adjourned at 11:52 a.m.

Respectfully submitted by:



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

9/27/12

Date