

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
FERTILIZER INSPECTION ADVISORY BOARD MEETING (FIAB)
Fresno, California
January 18, 2008**

MINUTES

MEMBERS

John Salmonson
Thomas Beardsley
Bob Duckworth
David McEuen
Tim McGahey
John Peterson
Sanford Simon
Steve Spangler

CDFA

Asif A. Maan
Natalie Krout
Nirmal Saini
Frank Delgado
Amrith Gunasekara
Mike Jingles
Avnee Jivabhai
Kent Kitade
Dale Rice
Carolee Riley
Suzanne Turcott
Elaine Wong
Nick Young

INTERESTED PARTIES

Renee Pinel – WPHA
Steve Beckley – S. Beckley
& Associates
Kurt Sparks – Eco-Nutrients
Inc.

CALL TO ORDER

Chairman John Salmonson called the meeting to order at 8:30 a.m. A quorum was established.

INTRODUCTIONS AND ANNOUNCEMENTS

Mr. Salmonson welcomed everyone to the meeting. Self-introductions were made.

APPROVAL OF MINUTES

Mr. Salmonson asked the Fertilizer Inspection Advisory Board members to review the minutes of the October 31, 2007 meeting.

MOTION: A motion was made by Mr. Thomas Beardsley to accept the minutes as presented. Mr. Bob Duckworth seconded the motion. The motion passed unanimously.

DIVISION/BRANCH UPDATES

Dr. Asif Maan informed the board that recruitment and retention of employees has been one of the greatest challenges within the branch. He noted a few changes and appointments including Mr. Kent Kitade's move to Special Projects, focusing on the development of new regulations; Ms. Natalie Krout's promotion to Feed Inspection Program Supervisor; Mr. Dale Rice's promotion to Branch Office Support Staff Supervisor; Mr. Nick Young's appointment to Feed, Fertilizer and Livestock Drug Inspector for Los Angeles; and Mr. Mike Gingles appointment as a Feed, Fertilizer and Livestock Drugs Inspector for Bakersfield.

Dr. Maan discussed current advertised vacancies in the Fertilizer Materials Inspection Program, including: Program Supervisor; Registration Specialists (2), one to replace Mrs. Luz Gonzales and one for the lab desk; and an Inspector for Imperial Valley to replace Mr. Tim Walters who will be retiring in May. Dr. Maan noted that an exam for Registration Specialist is scheduled for the second week of February.

Dr. Maan briefed the board regarding the development of the database and changes, noting the "As Is" and "To Be" documents have been completed. The branch will be inviting competitive bids for a new database by the end of the month. Dr. Maan reminded the board that his personal goal is to have an online functional database by the end of the year. Other goals include completing the Fertilizer Materials Inspection Program Strategic Planning; filling vacancies; implementing the Strategic Planning recommendations; promulgating regulations; completing a review of Fertilizer Research Education Program (FREP); and staying engaged with stakeholders, including industry.

FUND CONDITION STATUS

Mr. Dale Rice called the board's attention to the Fertilizer Materials Inspections Program's Fund Conditions. He noted a beginning balance of \$2,340,478 on July 1, 2007 and an ending balance of \$3,589,850 as of November 30, 2007 (excluding the \$1,500,000 in a CD account). As of November 30, 2007, there is a total balance of \$5,089,850 in the reserves.

Attention was then brought to the Fertilizer Research Education Program's (FREP) Financial Summary. The report showed an ending balance of \$2,308,099, after accounting for encumbrances as of November 30, 2007. Dr. Maan noted that since FY 04/05, revenue has literally doubled.

Mr. Salmonson suggested that with the rise of fertilizer prices and excess funds in the reserve, it might be time to implement a cut in mill assessment fees. Ms. Renee Pinel suggested that the assessment fee be decreased now to avoid excess reserve funds.

However, Dr. Maan suggested deferring the change until the strategic planning is completed and the future costs of the program are determined.

Mr. Kurt Sparks suggested hiring another inspector. In response, Mr. Salmonson felt it would be wise to wait until the Fertilizer and Feed programs are separated, and staffing levels and responsibilities are evaluated.

Discussion ensued regarding lowering the Mill Assessment Fees. Dr. Maan reminded the board that while an adjustment is being considered, it could potentially be difficult to raise the fees in the future if a need arises. Mr. Salmonson noted that in the past there have been no hindrances in approval for the board's recommendations regarding fee changes.

MOTION: A motion was made by Mr. Duckworth to reduce Fertilizer Mill Assessment Fees by 50% of the current 3 mill to 1.5 mill (1 mill for Inspection Services Program and 0.5 mill for Fertilizer Research and Education Program [FREP]) effective January 1, 2008. Mr. Tim McGahey seconded the motion. The motion passed unanimously.

ORGANIC FERTILIZERS UPDATE

Mr. Salmonson informed the board members that the organic fertilizer community has formed a group called the Organic Fertilizer Association of California (OFAC). The board recommended OFAC present a proposal to the FIAB addressing their needs, goals, and the procedure by which they will implement their plans.

Mr. Steve Beckley informed the board that OFAC is working on a document that would clearly state their expectations for the registration of organic inputs. Mr. Sparks noted that the National Organic Program has a list of ingredients that can and cannot be used in organic fertilizers, which would make enforcement of regulations more efficient through inspector visits. He also suggested that extra fertilizer revenues be used on organics, since it is a significantly growing industry.

Discussion ensued about the specifics of regulating organics. Ms. Pinel noted that from the Western Plant Health Association (WPHA) standpoint, regulations need to be put into place to keep producers in line with the law and regulations. Mr. Beckley was requested to present a proposal on behalf of OFAC at the next board meeting.

STRATEGIC PLANNING SUBCOMMITTEE UPDATE

Dr. Amrith Gunasekara presented a Power Point presentation to the board showing the current progress of fertilizer label registrations. He noted that the major problem right now is the backlog in label review. There is a plan to have a workshop this year that would inform producers of the label regulations and guidelines. He asked for any suggestions from the board in regards to time and location for the workshop.

Discussion ensued and the board decided it would be best to have the workshop towards the end of July in Sacramento.

Dr. Gunasekara also noted the lack of staff and suggested that an additional Registration Specialist and Environmental Scientist would effectively assist in decreasing the backlog.

MOTION: A motion was made by Mr. John Peterson to hire two additional Registration Specialists and one Environmental Scientist. Mr. Thomas Beardsley seconded the motion. The motion passed unanimously.

REGULATORY/REGISTRATION ISSUES & UPDATES

Ms. Natalie Krout reiterated that Mr. Walters will be retiring from his position as Field Investigator in May of 2008, and informed the board that the process of hiring a replacement is in place to ensure a smooth transition.

Ms. Krout informed the board that disposal of the remaining CAN 17 and all associated products is underway in an Arizona landfill. The final step, which should be completed soon, is to flush the tanks and appropriately dispose of the flush liquid.

FREP UPDATE

Ms. Carolee Riley called the board's attention to the status of the current research projects. She noted that all but three contracts are up to date. A new round of contracts is now in motion. Attention was then drawn to a compilation of the evaluations from the annual FREP conference and a summary of attendees.

Mr. Salmonson questioned if there is a shortage on the FREP Technical Advisory Committee. Ms. Riley responded that there are more members than in the past. Mr. Salmonson reminded the board that a person with an organic background might be beneficial to the FREP advisory committee. Mr. Beckley announced that he has three recommendations of academics within the industry. He will submit those to the board.

REGULATIONS UPDATE

Mr. Kent Kitade presented an executive summary for proposed regulatory language requiring the disclosure of the formula. He noted that it may not be necessary to have producers submit the full disclosure of formulas because they change so frequently. He suggested that the process be delayed a year to allow registration to catch up and then re-analyzed.

Mr. Salmonson questioned why the process is even occurring and why it is taking so long to complete. Mr. Kitade responded that certain products do not need registration and are not required to submit product labels for review. Dr. Gunasekara noted that this would make it easier for reviewers to know the source of the guarantees. He also

suggested that the need is growing exponentially and approval from the board is necessary.

FREP EVALUATION PROPOSAL

Mr. Al Vargas presented a Power Point presentation to the board regarding the FREP Assessment Project. He outlined the process by which the assessment would be conducted. The main goals, as noted, would be to assess the effectiveness and value of the program and its accomplishments to date

LABORATORY UPDATES

Ms. Elaine Wong called the board's attention to the breakdown of all samples processed by the lab in the calendar year 2007. Attention was then brought to the turnaround time for fertilizer samples received in 2007. Mr. Salmonson noted the 60% turnaround rate of samples within 15 days. Ms. Wong then showed the breakdown of samples by assays completed in 2007. She noted that an ICP has been installed and is in the process of validation prior to sample analysis.

Mr. Salmonson asked if the lab conducts tests for organic accuracy. Ms. Wong commented that certain tests are conducted including nitrogen, heavy metals and label guarantee checks. Mr. Nirmal Saini noted that it would be costly to test individual nitrogen content of each amino acid, a process that is necessary to ensure organic claims.

ADDITIONAL ITEMS, NEXT MEETING

The next Fertilizer Inspection Advisory Board meeting has been scheduled for May 22, 2008 from 8:30 a.m. to 11:00 a.m. in Sacramento.

MOTION: A motion was made by Mr. Sanford Simon to adjourn the meeting. Mr. Beardsley seconded the motion. The motion passed unanimously. The meeting was adjourned at 11:10 a.m.

Respectfully submitted by:

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

Date