



**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
CALIFORNIA CITRUS ADVISORY COMMITTEE (CCAC)
March 22, 2011 Meeting Minutes
Tulare, CA**

MEMBERS PRESENT

Brett Kirkpatrick, Chair
Kevin Severns, Vice Chair
Etienne Rabe
James Sherwood
Ron Matik
John Eliot, Jr.
David Hines
Franco Bernardi
John Gless
Mark Golden

INTERESTED PARTIES

Scotti Walker, Fresno County
Fred Rinder, Fresno County
Gavin Iacono, Tulare County
Bob Blakely, California Citrus Mutual
Vic Tolomeo, USDA NASS
Geoffrey Sechter, USDA NASS

CDFA

Steve Patton
Susan Shelton
Andrew Valero
Sarah Cardoni

MEMBERS ABSENT

Gus Gunderson

ITEM 1: ROLL CALL AND INTRODUCTIONS

The Committee was called to order at 10:07 a.m. by Mr. Brett Kirkpatrick, Chairperson. Roll was called, a quorum was established, and introductions were made.

ITEM 2: APPROVAL OF OCTOBER 12, 2010 AND DECEMBER 14 AND 16, 2010 MEETING MINUTES

Mr. Ron Matik noted that in the meeting minutes for October 12, 2010, it was stated that he moved as well as seconded to adjourn the meeting. The correction will be that the meeting was adjourned at 12:15 p.m. by Mr. Kirkpatrick, Chairperson.

Dr. Etienne Rabe highlighted a necessary correction to the spelling of Mr. Don Roark's name and noted a clarification regarding his comment in the meeting minutes for December 14 and 16, 2010, under Item 3: Assessment Rates. He stated that the minutes incorrectly reflected his statement about suggesting that next year's discussion should examine why all citrus fruits are assessed differently. The clarification is that a discussion should occur about the frost part of the program not being assessed the same and have the maturity indexing separate. He noted that at the moment, lemons and mandarins are subject to different levels of assessments even though they only participate on the frost side of the program and do not participate in the maturity indexing. He stated that there should be a consistent assessment level.

MOTION: Mr. Matik motioned and Mr. Mark Golden seconded to approve the October 12, 2010 Meeting Minutes and the December 14 and 16, 2010 Meeting Minutes, as corrected. The motion passed unanimously.

ITEM 3: COMMITTEE VACANCIES AND TERMS

Ms. Sarah Cardoni discussed member terms and vacancies. Members whose terms will be expiring on September 30, 2011, and are eligible for reappointment, are Dr. Etienne Rabe, Mr. Mark Golden, Mr. David Hines, Mr. James Sherwood, and Mr. John Eliot, Jr. Mr. Kevin Severns is currently serving his fourth consecutive two-year term and will not be eligible for reappointment. There is one current vacancy for a producer member representing navel and Valencia. Once Mr. Severns' term expires, one handler of navel and Valencia member position will become vacant.

ITEM 4: AG STATISTICS

Mr. Vic Tolomeo of the United States Department of Agriculture (USDA) National Agricultural Statistics Service (NASS) presented the Committee with an overview of the 2010/11 California Valencia Orange Objective Measurement Report. The initial 2010/11 Valencia orange forecast is 26 million cartons and is based on the results of the 2010/11 Valencia Orange Objective Measurement Survey that was conducted from January 13 to February 24, 2011. He reported that an acreage survey will not be conducted for the 2011 year, but would be conducted the next fiscal year and will continue on an alternating year basis thereafter.

Mr. Kirkpatrick questioned Mr. Tolomeo about NASS using the new standard 40 pound carton when conducting previous navel estimates. He specifically questioned if anything in the Valencia orange forecast was done statistically to adjust for a different carton weight due to the fact that not all cartons are of equal weight. Mr. Tolomeo agreed that not all cartons are of equal weight and stated that NASS uses the new standard 40 pound carton and not the previous standard 37.5 pound carton in their estimations. He explained that NASS models their statistical estimate to predict the number of cartons and weight is irrelevant because cartons are looked at as wholes. Because NASS' final production estimate is in cartons, whether or not cartons weigh 40 or 37.5 pounds, it does not alter the estimated number. It was then clarified that the previous Valencia orange forecast was conducted using the 40 pound equivalent cartons and conversions would not need to be made.

Mr. Matik questioned if NASS predicted cartons produced by the tree and not cartons shipped or anything else. Mr. Tolomeo confirmed that NASS is including by-products and the number predicted is reported tree crop. Mr. Kirkpatrick questioned if the estimation excluded rot and decay, but included everything else such as juice. Mr. Franco Bernardi responded that reported tree crop should be harvested, and not minus decay.

Mr. Matik inquired on how NASS handles existing groves that have been abandoned. Mr. Tolomeo responded that the numbers reported are numbers from groves that have the intent to harvest. NASS occasionally comes across parcels of groves that appear unmaintained, but if intentions are to harvest, whether just juice, then it is included. If owners confirm they will not harvest or that this is their final year, a follow up will take place. Mr. Geoffrey Sechter, USDA NASS, made note that out of the survey sample of

565 Valencia orange groves, 534 were utilized. Out of the 31 groves that were not utilized, in most cases the groves were pulled out.

Mr. Bernardi inquired if NASS plans to conduct a crop estimate for mandarins. Mr. Tolomeo stated that NASS is prepared to conduct the crop estimate survey at the request of industry. Mr. Steve Patton stated that the Committee can make that recommendation to the Secretary and that funding would have to be developed around the assessment. Mr. Bernardi questioned if the current assessment rate allowed for survey work or if it were merely a matter of reallocating existing funds. The Committee agreed that it was a matter of looking at existing funds.

Mr. Matik questioned and Mr. Tolomeo affirmed that NASS is on a two-year cycle for conducting acreage surveys. Mr. Tolomeo stated that NASS conducts a crop survey on navel and Valencia on a yearly basis and an acreage survey every other year. Dr. Rabe questioned if the objective measurement survey is separately paid for or if it were included in the acreage survey cost. Mr. Tolomeo responded that it was stated as crop survey and the budget shows the alternating amounts based on the year.

Dr. Rabe suggested that when the Committee discusses the budget, something may need to be developed in regard to how much money is allocated to objective measurement, freeze protection, freeze reserve, maturity, tracking, etc. In addition, he noted that if NASS were to survey mandarins, that it may be wise to survey lemons as well. Mr. Kirkpatrick stated that lemon and mandarins are contributing to those funds, but are not receiving all services.

ITEMS 5, 6, & 7: BUDGET APPROVAL, COUNTY CONTRACTS 2010/11 SUMMARY, AND COUNTY CONTRACTS 2011/12 PROPOSALS

Mr. Kirkpatrick asked that items five, six, and seven all be discussed concurrently as they all pertain to the budget and its approval. The following documents were provided to the Committee: the 2011/12 Proposed Citrus Budget; the 2010/11 Maturity/Freeze Report; 2010/11 Citrus Contract and Expense Summary; and the Citrus County Contracts Comparison Analysis.

Ms. Susan Shelton stated a correction in the 2011/12 Proposed Citrus Budget to the 2010/11 mid-year projections for *Maturity, County Contracts*. The \$315,343 figure should be \$238,685 making the 2010/11 mid-year projected ending balance \$1,711,876.

Mr. Kirkpatrick iterated a decision made at the previous meeting to leave it up to the discretion of counties that still felt that they had maturity issues to continue testing as long as they deemed it appropriate. He stressed concerns that counties might spend money conducting unnecessary tests. He then questioned if counties were budgeting high, anticipating a possible need for additional frost and/or maturity issues. Mr. Patton stated that it is strictly for maturity issues and that the Committee does not have

authority to halt county maturity inspections at any time throughout the year due to the fact that it is a full-time maturity inspection program that is authorized by legislation.

Mr. Golden noted that it appeared that the counties were only utilizing half their contracted budget and suggested the Committee alter the budget accordingly. Mr. Patton stated that funds utilized by counties vary from year to year and keeping a moderate fund allows for immediate freeze inspections to be conducted by county inspection staff during a freeze without having to create or amend county contracts for freeze work. In addition, all unused funds automatically transfer to the freeze reserve.

Mr. Bernardi questioned if there were going to be additional costs incurred by the counties if the California Standard was to be adopted for navelis this year. Mr. Patton stated that the methodology of testing will remain the same. What counties will report will be different, but the reports that counties currently provide to CDFA will remain the same. There is no proposal for counties to provide additional information such as reporting both scales and/or impacts that would result in counties incurring additional costs.

Mr. Kirkpatrick asked the Committee to review the Citrus County Contracts Comparison Analysis that provided county contract fiscal displays from 2008/09 through the proposed 2011/12 fiscal year.

Mr. Fred Rinder, Fresno County Deputy Agricultural Commissioner, explained the reason for Fresno County having a forty percent increase in hours from fiscal year 2010/11 to the proposed 2011/12 fiscal year. He explained that there was a change in calculation for hours in order to be consistent with USDA and other CDFA divisions. County contract hourly rates are now based off the projected actual with overhead broken out, instead of previous years where hourly rates included overhead. Mr. Golden questioned why the projected cost stayed the same even though hours significantly increased. Ms. Scotti Walker, Agriculture Standards Specialist for the Fresno County Agricultural Commissioner/Sealer, stated that the program People Soft that Fresno County is now utilizing allows for the better calculation of actual hourly rates and the separation of overhead costs. The departmental hourly rate was \$81, and the new calculation process decreased that rate by approximately \$30, thus making the total contracted hours greater.

MOTION: Dr. Rabe motioned and Mr. Golden seconded to make a recommendation to the CDFA Secretary to accept the Citrus County Contracts, as proposed. The motion passed unanimously.

Mr. Patton provided the Committee with an overview of the 2011/12 Proposed Citrus Budget and asked the Committee to make a recommendation to the Secretary to approve the request of \$1,689,037 in budget authority for the California Citrus Program.

Mr. Patton explained that line item for *State Pro Rata* is a cost to the Program that goes to fund general government activities such as the California State Controller's Office, the Governor's Office, the California State Legislature, etc. *State Pro Rata* fluctuates based on the proposed budget.

Dr. Rabe inquired what the line item *Gas Tax Credit* was. Mr. Patton responded that this was the Program's share of unclaimed gas tax that is redistributed and is an offset to expenditures.

Mr. Golden questioned if the reserve is vulnerable because of the budget crisis. Mr. Patton stated that because the California Citrus Program is a special funded program, the Legislature cannot take its funds from California Agricultural Fund. If money were borrowed, it must be paid back to the Department with interest.

Dr. Rabe questioned in regard to the 2011/12 Proposed Citrus Budget, if there is separate tracking for the mil assessment revenues for navel and Valencia, mandarins, and lemons. Ms. Shelton affirmed that there is separate tracking.

The Committee discussed mil assessment rates. Mil assessment rates are currently as follows: mandarins at 4; lemons at 3; Valencias at 3.5, and navels at 8.5. These numbers were reached by the subcommittee consisting of Mr. Gus Gunderson, Mr. James Sherwood, and Dr. Etienne Rabe. The goal of the subcommittee is to look at mil assessment rates by commodity, the services delivered by commodity, and determine an accurate mil assessment for each based on services delivered. Mr. Patton stated that because the freeze reserve is at an adequate level, the subcommittee should reconvene to review assessments. Dr. Rabe questioned when the appropriate time would be in regard to the subcommittee making a recommendation to the Committee on mil assessment rate changes in order for them to become effective October 1, 2011. Mr. Patton stated that an appropriate time would be August 2011.

Dr. Rabe inquired with the Committee in regard to what an adequate level of funds for the freeze reserve should be. Mr. Kirkpatrick stated that the last freeze expended approximately \$1.179 million dollars. Mr. Sherwood stated that \$2 million dollars would be an adequate freeze reserve and the Committee agreed.

MOTION: Mr. Golden motioned and Mr. Eliot seconded to make a recommendation to the Secretary to accept the 2011/12 Proposed Citrus Budget, as submitted. The motion passed unanimously.

ITEM 8: REGULATION UPDATE

Mr. Patton stated that there have been discussions regarding the California Standard, which is a maturity standard exclusively for navels. He stated that CDFA has not yet received the proposal. Mr. Matik questioned if it is anticipated to have the proposal approved and implemented before the next harvest in fall of 2011. Mr. Bob Blakely, California Citrus Mutual Director of Industry Relations, stated that California Citrus

Mutual has requested this regulation change and intends to submit the package to CDFA within the next few days. If approved without delay, the new standard would be in effect before the 2011 harvest. Mr. Patton stated that the California Food and Agricultural Code mandates that the Department promulgate regulations in response to a petition by the impacted industry and that the regulatory process typically takes six to eight months.

ITEM 9: NEW BUSINESS

No new business was discussed.

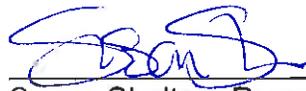
ITEM 10: NEXT MEETING

The next meeting will be held on August 30, 2011, at the Kern County Agricultural Commissioners Office.

ITEM 11: ADJOURNMENT

MOTION: Mr. Matik motioned and Mr. Eliot seconded to adjourn the meeting at 11:45 a.m. The motion passed unanimously.

Respectfully submitted by:



Susan Shelton, Program Supervisor
Inspection and Compliance
Inspection Services