



**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)
SHIPPING POINT INSPECTION (SPI) ADVISORY COMMITTEE MEETING
May 8, 2012 Meeting Minutes
4437 South Laspina Street, Tulare, CA 93274**

Members Present

Louis Pandol, Chairman
Dennis Parnagian, Vice-Chairman
Mark Reasons
Blaine Carian

Members Absent

Randy Parnagian
Maria Alvarado
Drew McDonald
Jim Jasper

CDFA Representatives

Steve Patton
Rick Jensen
Steve Thomas
Roxann Bramlage
Marcee Yount
Ed Page
Ed Brown
Christina Burnie
Sarah Cardoni

Interested Parties

Sara Frauenheim, CGTFL

ITEM 1: ROLL CALL AND INTRODUCTIONS

The meeting was called to order at 10:00 a.m. by Mr. Louis Pandol, Chairman. Roll was called, introductions were made, and a quorum was established.

ITEM 2: APPROVAL OF MEETING MINUTES

a) Approval of May 4, 2011 Meeting Minutes

MOTION: Mr. Dennis Parnagian moved to approve the meeting minutes for May 4, 2011, as submitted. Mr. Mark Reasons seconded the motion. The motion passed unanimously.

b) Approval of May 23, 2011 Meeting Minutes

MOTION: Mr. Parnagian moved to approve the meeting minutes for May 23, 2011, as submitted. Mr. Reasons seconded the motion. The motion passed unanimously.

ITEM 3: ELECTION OF OFFICERS

a) Election of Chairman

MOTION: Mr. Reasons moved to nominate Mr. Louis Pandol as Committee Chairman. Mr. Blaine Carian seconded the motion. The motion passed unanimously and Mr. Pandol was appointed Chairman of the SPI Advisory Committee.

b) Election of Vice-Chairman

MOTION: Mr. Reasons moved to nominate Mr. Dennis Parnagian as Committee Vice-Chairman. Mr. Carian seconded the motion. The motion passed unanimously and Mr. Parnagian was appointed Vice-Chairman of the SPI Advisory Committee.

ITEM 4: COMMITTEE APPOINTMENTS

a) Current Vacancies

Ms. Sarah Cardoni stated that there are three current voting member vacancies that consist of two members who are shippers of fruit and vegetables using the inspection certification services of the Department and one public member who is a resident of this state and not a producer, shipper, or a processor. Additionally, there are eight alternate non-voting member vacancies.

b) Outreach

Mr. Rick Jensen stated that the Department is taking extra measures in its outreach efforts to ensure diversity within all its advisory committees. He asked the Committee to look within their organizations for potential outreach and education opportunities to broaden the diversity of the SPI Advisory Committee.

ITEM 5: INSPECTION AND COMPLIANCE BRANCH UPDATE

Mr. Steve Patton stated that there are no new updates for the Inspection and Compliance Branch. Mr. Jensen provided an update from a Department standpoint. He stated that in this current fiscal year, the Department has faced \$19 million dollars in budget cuts from the Department's General Fund. An additional \$12 million dollars has been identified for the upcoming fiscal year. The two divisions within the Department that receive the majority of general funds are the Animal Health and Food Safety Services Division and the Plant Health and Pest Prevention Services Division. There have been significant impacts within those divisions and include border station closures and the reduction of staff hours.

ITEM 6: COUNTRY OF ORIGIN LABELING PROGRAM UPDATE

Mr. Patton provided the Country of Origin Labeling (COOL) Program update. He stated that as the Department faces budget cuts, it has gone through a process of evaluating all the different programs within the divisions. The COOL Program is an audit-type labeling program, and as such, it was felt that it would be a better fit in the Measurement Standards Division. The loss of general funding the Measurement Standards Division has faced was going to inhibit the weights and measures enforcement activities at the retail level. The COOL Program gives the enforcement staff the opportunity to be at that retail level to conduct both programs simultaneously.

ITEM 7: SHIPPING POINT INSPECTION PROGRAM UPDATE

Mr. Steve Thomas provided the SPI Program update. He stated that the program is moving forward with its efforts towards attaining International Organization of Standardization (ISO) Guide 65 Program accreditation. The SPI Program is taking on the challenge of getting SPI's food safety auditors accredited through ISO 65, thus making CDFA more transparent and credible to major produce buyers, and will make the services CDFA provides more useful to the industry. The United States Department of Agriculture (USDA) is also working towards certification. The goal is to get to have one food safety audit rather than a farmer being subjected to multiple audits. The California Avocado Commission (CAC) recently started utilizing the Good Agricultural Practices and Good Handling Practices (GAP/GHP) audit verification program, but like other commodity groups, has been pushing for a harmonized program.

ITEM 8: COMMODITY PROGRAMS UPDATE

Mr. Ed Brown reported to the Committee on the Cling Peach, Olive, Pear, Cherry, Kiwifruit commodity programs, and the Terminal Market Inspection and Defense Supply Center Philadelphia (DPSC) programs. He stated that last year the Cling Peach Program brought in \$470,000 dollars in revenue. The Olive Program was down thirty percent of normal volume last year and it is expected to be better this year. The Pear Program brought in \$225,000 dollars in revenue for the processed program, and \$125,000 dollars in revenue for the fresh pear program. It was a bad year for the Cherry Program due to poor weather. Cherries had between five to six million containers, which brought in roughly \$575,000 dollars in revenue. Terminal Market accounted for \$410,000 dollars in revenue, Institutions brought in \$60,000 dollars in revenue, and DPSC brought in \$180,000 dollars in revenue. Lastly, the 8E inspections accounted for in \$1.1 million dollars in revenue.

Mr. Ed Page reported to the Committee on the Almond, Grape, and Tree Fruit commodity programs. He stated that the Grape Program is looking good this year. Mexican grapes are forecasted at 17 million, which is a significant increase from the prior year. Table grape projections are at 101.65 million. In spite of the five percent decrease in fees, the revenue has increased five percent. For the Almond Program, forecasts are two billion pounds, which is the same as last year. As for revenue, the program is seeing the same trend as the grape program with a five percent increase in revenue despite the five percent decrease in fees. Tree Fruit commodities experienced bad weather and it is expected that there will be a lot of damage.

ITEM 9: FOOD SAFETY PROGRAM UPDATE

Ms. Roxann Bramlage provided the Food Safety programs update. She stated that the California Leafy Greens Marketing Agreement (LGMA) program conducts approximately 600 to 650 audits throughout the year, which includes an unannounced audit.

Secondly, the harmonized Good Agricultural Practices (GAP) audit verification program has been moving forward with Costco accepting the audit, as well as Subway recently requesting audits for all their suppliers. The tomato season is fast approaching for the California Tomato Farmers audit program, which conducts approximately 130 audits throughout their four-month season. Lastly, GAP verification audits are being conducted year-round as requested. That program is increasing with the CAC now requesting GAP audits for avocados.

ITEM 10: BUDGET APPROVAL

a) Fund Condition Report

Mr. Patton provided an overview of the Fund Condition. He stated that the Fund Condition document shows the current year fund condition, which is both the SPI and LGMA programs' expenditures and revenue through February 2012. The Ag Fund reserve has \$8.7 million dollars and the Ag Trust Fund has \$2.4 million dollars. In prior years, such as FY 2003/04 and FY 2004/05, the SPI Program had significant deficits. Since then, the program has restructured itself to become more efficient in operations and has turned the negative \$2.5 million dollars in the Ag Fund reserve to a positive \$8.7 million dollars today. The minimum reserve amount required is 25 percent of budget; however, a more realistic number to ensure that funds are available in the event of a significant shortfall, such as crop disaster, crop closing, or program closing, is six months and that is approximately where the reserves are currently.

b) FY 2012/13 Proposed Budget

Mr. Patton provided an overview of the FY 2012/13 Proposed Budget and asked the Committee to make a recommendation to approve the request of \$14,192,839 dollars in budget authority for the SPI Program.

Mr. Pandol asked the Committee for a motion to approve the proposed budget spending authority of \$14,192,839 dollars for FY 2012/13, and to adopt a one-year reduction in fee services that will be implemented on July 1, 2012, and will sunset at the end of FY 2012/13 on June 30, 2013.

MOTION: Mr. Carian moved to approve the 2012/13 Proposed Budget as submitted, and to approve the one-year fee reduction for FY 2012/13. Mr. Reasons seconded the motion. The motion passed unanimously.

ITEM 11: OTHER BUSINESS

Mr. Jensen informed the Committee that within USDA, the Fresh Products Branch and Processed Products Branch will merge into one single branch in order to create efficiencies and to streamline the organization. CDFA asked that state programs that

collaborate with the Agriculture Marketing Services (AMS) Fresh Products Branch are represented on the reorganization team to ensure that AMS and the Fresh Products Branch can continue to meet SPI Program and industry needs.

ITEM 12: PUBLIC COMMENTS

There were no public comments.

ITEM 13: NEXT MEETING

The next meeting will be in May 2013.

ITEM 14: ADJOURNMENT

MOTION: Mr. Parnagian moved to adjourn the meeting at 11:20 a.m. Mr. Carian seconded the motion. The motion passed unanimously.

Respectfully submitted by:



Steve Patton, Branch Chief
Inspection and Compliance Branch
Inspection Services