



CDFA Market Enforcement Advisory Committee Meeting

🌐 Location:	1220 N Street Suite 133 (Conference Rm) Sacramento, CA 95814
📅 Date:	June 17, 2025
🕒 Time:	1:30 pm

Agenda Item #1 & 2: Call to Order and Roll Call Establishing Quorum

Hallie Wenz called the meeting to order at 1:35PM. Ms. Wenz conducted a roll call of members to establish a quorum. A quorum was present with a voting member count of eleven (11).

In attendance were:

Members Present:

Chairperson, Trudi Hughes**, CA League of Food Producers
Vice Chairperson, Natalie Collins**, CA Association of Winegrape Growers
Andrew Ratto*, Ratto Bros
Bryan Nickerson**, Western Growers Association
Jeff Bitter, Allied Grape Growers
Mike Manna**, Manna Ranch Inc.
Mike Montna, CA Tomato Growers Association
Robert Sereno*, Fresh Point Central
Donn Zea***, CA Prune Board
Thomas Jones**, Safe Food Alliance
Tom Orvis**, Stanislaus County Farm Bureau

CDFA Staff:

Annaraine Diaz, Branch Chief, Market Enforcement Branch
Hardeap Badyal, Supervising Special Investigator, Market Enforcement Branch
Kathy Diaz, Director, Marketing Services Division
Marina Martin, Staff Services Manager, Market Enforcement Branch
Hallie Wenz, Staff Services Analyst, Market Enforcement Branch
Marisol Orozco, Marketing Division Intern

Members Absent:

John Thomas

Other:

Dale Stern, CA Association of Winegrape Growers

* Joined remotely at 1:20 PM

** Joined remotely at 1:30 PM

*** Joined in-person at 1:49 PM

All votes were taken by roll call due to the teleconference option being used.

Agenda Item #3: Approval of Minutes from the May 15, 2025 MEAC Meeting

Board Action 2025-4: It was motioned by Jeff Bitter and seconded by Mike Montna to approve the minutes from the May 15, 2025, MEAC Meeting.

Discussion: Hallie Wenz called for a roll-call vote.

Vote on Board Action 2025-4: The motion **passed unanimously** with ten (10) members voting in favor. **Yes votes:** Andrew Ratto, Bryan Nickerson, Natalie Collins, Jeff Bitter, Mike Manna, Mike Montna, Robert Sereno, Thomas Jones, Trudi Hughes, Tom Orvis
No votes: None

Note: *Donn Zea arrived after this vote took place.*

Agenda Item #4: Potential Nomination of a Public Member

Chairperson Hughes presented the option of nominating a public member.

- Tom Jones referenced the previous MEAC meeting suggesting an AG Economist from UC Davis.
- Jeff Bitter stated he would like input from CDFA staff regarding who would be beneficial to serve as a public member.

Annaraine Diaz agreed that having an Agricultural Economist as a public member may be beneficial. Chairperson Hughes declared this topic would be tabled and potentially revisited at a future committee meeting.

Agenda Item #5: Licensing Fee Projection and Proposal

Chairperson Hughes informed the board that she, along with Mike Montna, met with Market Enforcement Branch (MEB) staff during a MEAC subcommittee meeting May 27, 2025, to further discuss MEB budget health, budget projections, and proposed licensing fees. She turned the meeting over to Annaraine Diaz to summarize the discussion that took place.

Ms. Diaz presented a review of the history of MEB license fees, noting that there have been no fee increases for Category 1 and Agent licenses since 2011, and no increases for Categories 2, 3, and 4 licenses since 1998. She then shared MEB's projected budget without any fee increases, which indicated that by the fiscal year 2026-2027, the branch's fund balance would fall significantly below the necessary threshold. Following this, Ms. Diaz presented a projected budget that included fee increases, showing that these increases would allow the branch to remain financially sound through fiscal year 2028-2029. Ms. Diaz advised that the MEAC would reconvene at that time to reevaluate the fee structures.

During the previous MEAC meeting, there was a request to consider an equal percentage fee increase alongside a fixed fee increase. Ms. Diaz presented both options: a fixed fee increase and an equal 21% fee increase. She then explained the advantages and disadvantages of each structure.

A fixed fee increase takes into account the size and business operations of the entities licensed in each category, while the 21% equal increase does not provide this consideration. Moreover, the equal percentage increase results in unusual fee amounts that create additional costs for staff who have to collect payments, particularly those received in cash. If staff members do not receive full amounts owed at the time of payment, they must follow up to collect any remaining balance.

- Tom Orvis asked if it is accurate that the fees had not been raised since 2011. Ms. Diaz responded that it was correct. She noted that the increase in 2011 was only a \$36 increase to Category 1 and \$20 to the Agent licenses.
- Donn Zea emphasized that it is a compelling argument to point out that there have been no changes since 2011, with further no real significant increase in the industry since 1998. He suggested that the industry would recognize the necessity of an increase given the current state of the economy.
- Jeff Bitter asked if the fixed fee simply makes it easier for people to pay their license fees. Ms. Diaz confirmed that from an administrative perspective it is ideal to have a round number.
- Mike Montna stated that those in Category 1 may be less likely to remain licensed if the fee is increased too drastically. He agreed that the fixed fee increase may be the best route to avoid net loss.

Board Action 2025-5: It was motioned by Jeff Bitter and seconded by Donn Zea to accept the fixed fee schedule as proposed.

Discussion: Hallie Wenz called for a roll-call vote.

Vote on Board Action 2025-5: The motion **passed** **unanimously** with eleven (11) members voting in favor. Yes votes: **Andrew Ratto, Bryan Nickerson, Natalie Collins, Jeff Bitter, Mike Manna, Mike Montna, Robert Sereno, Thomas Jones, Trudi Hughes, Donn Zea, Tom Orvis** No votes: **None**

The board understands that the implementation of the changes to the fee increases is subject to approval by the Secretary.

Agenda Item #6: Public Comments

There were no public comments.

Agenda Item #7: Adjournment

With no further business to discuss, Chairperson Hughes moved to adjourn the meeting at 2:04 PM.

Market Enforcement Branch
Prior Years Expenditures with
Year-To-Date
Budget

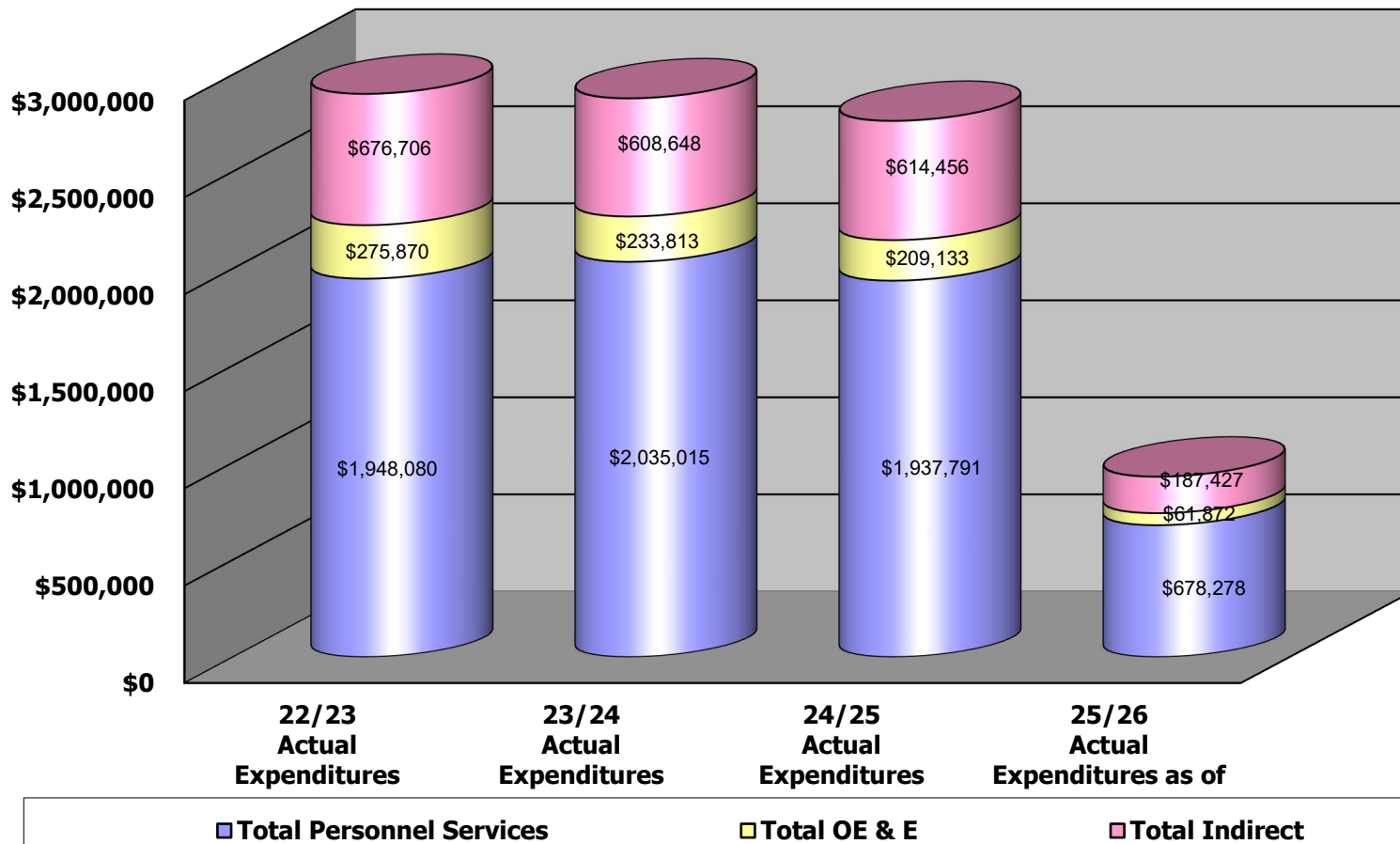
	22/23 Actual Expenditures	23/24 Actual Expenditures	24/25 Actual Expenditures	25/26 Actual Expenditures as of October 2025
<i>Personnel Services:</i>				
Salary and Wages	\$1,399,313	\$1,495,091	\$1,496,111	\$513,215
Staff Benefits	\$548,767	\$539,923	\$441,680	\$165,062
<i>Total Personnel Services</i>	\$1,948,080	\$2,035,015	\$1,937,791	\$678,278
<i>Operating Expenses and Equipment:</i>				
General Expenses (Supplies/Subscriptions/Minor Equip)	\$37,119	\$25,854	\$22,917	\$12,663
Communications	\$16,879	\$13,553	\$13,249	\$3,954
Training	\$1,575	\$1,800	\$1,318	\$0
Equipment	\$52,881	\$0	\$0	\$0
Facilities Operations	\$94,518	\$117,302	\$106,875	\$29,730
Consulting (Internal/State)	\$136	\$37	\$117	\$0
Consulting (External)	\$20,933	\$25,816	\$27,274	\$6,245
Attorney General Charges	\$0	\$24	\$1,512	\$180
Postage	\$10,677	\$10,854	\$13,755	\$5,457
Travel & Vehicle Operations	\$41,151	\$38,573	\$22,116	\$3,644
<i>Total OE & E</i>	\$275,870	\$233,813	\$209,133	\$61,872
<i>Indirect Charges*:</i>				
Exec/Admin Overhead	\$290,989	\$230,346	\$243,214	\$68,902
IT Overhead	\$110,675	\$119,685	\$114,554	\$36,354
Division Overhead	\$273,522	\$240,760	\$230,095	\$70,516
Departmental Services	\$1,519	\$17,857	\$26,593	\$11,655
State Pro Rata & Cental Admin Svcs	\$0	\$0	\$0	\$0
<i>Total Indirect</i>	\$676,706	\$608,648	\$614,456	\$187,427
<i>Total Expenses</i>	\$2,900,656	\$2,877,476	\$2,761,380	\$927,576
Gas Tax	(\$89,828)	(\$89,828)	(\$86,648)	\$0
<i>Total Net Program</i>	\$2,810,828	\$2,787,648	\$2,674,732	\$927,576
<i>Funding:</i>				
Application Fees	\$2,333,549	\$2,361,195	\$2,435,373	\$948,000
Late Application Fees	\$18,950	\$22,225	\$27,250	\$10,475
Miscellaneous Fees	\$4,526	\$3,983	\$12,535	\$2,252
License Sweeps	\$30,367	\$40,994	\$39,861	\$11,300
Interest	\$35,766	\$68,332	\$38,061	\$11,930
<i>Total Funding</i>	\$2,423,158	\$2,496,729	\$2,553,080	\$983,957

* Indirect charges are subject to change due to Budget Office Adjustments

Market Enforcement Branch
Expenditure Detail

<i>Line Item</i>	<i>Budget</i>	<i>Detail</i>
Personnel Services:		
Salary and Wages	\$513,215	15 Permanent Positions.
Staff Benefits	\$165,062	This is calculated at 67% of the Branches total Salary & Wages
Operating Expenses and Equipment:		
General Expenses	\$12,663	Office Supplies, Subscriptions, Minor Equipment
Communications	\$3,954	Telephone & Equipment, Cellular Equipment
Training	\$0	Branch Employee Training.
Equipment	\$0	Purchase a new car
Facilities Operations	\$29,730	Rent, Security, Maintenance, etc.
EDP (Data Processing)	\$0	Computer Supplies (ie.software, toner cartridges, etc.)
Consulting	\$6,245	Credit card convince fees, medical exams.
Postage, Printing & Prod. Services	\$5,457	Postage, Printing, Mailing Costs.
Other Items of Expense	\$0	
Travel & Vehicle Operations	\$3,644	AirFare, Per Diem, Vehicle Operations.
Indirect Charges:		
Department Overhead	\$68,902	Indirect charges are allocated to all AG Fund Programs in the Dept. based on budgeted Personnel Services.
Division Overhead	\$70,516	Indirect charges allocated to all Branches in the Division. Increased in 2019 due to termination of Dairy Marketing and Milk Pooling Branches
IT Overhead	\$36,354	Indirect charges allocated to all Dept. Programs based on budgeted Personnel Services
Departmental Services Overhead	\$11,655	Indirect charges allocated to all Programs in the Department
State ProRata	\$0	Overhead costs for State Control Agencies allocated to all State Programs
Funding:		
Gas Tax (Credit)	\$0	Branch's portion of gas tax credit received by the Department
Application Fees, Misc Fees	\$983,957	Includes Application Fees, Late Fees, Misc Fees, License Sweeps & Interest

	22/23 Actual Expenditures	23/24 Actual Expenditures	24/25 Actual Expenditures	25/26 Actual Expenditures as of Oct 2025
Total Personnel Services	\$1,948,080	\$2,035,015	\$1,937,791	\$678,278
Total OE & E	\$275,870	\$233,813	\$209,133	\$61,872
Total Indirect	\$676,706	\$608,648	\$614,456	\$187,427
Total Program	\$2,810,828	\$2,787,648	\$2,674,732	\$927,576



Producer's Lien
CA Food and Ag Codes §§ 55631 -55640

55631. Every producer of any farm product that sells any product which is grown by him to any processor under contract, express or implied, in addition to all other rights and remedies which are provided for by law, has a lien upon such product and upon all processed or manufactured forms of such farm product for his labor, care, and expense in growing and harvesting such product. The lien shall be to the extent of the agreed price, if any, for such product so sold. If there is no agreed price or a method for determining it which is agreed upon, the extent of the lien is the value of the farm product as of the date of the delivery. Any portion of such product or the processed or manufactured forms of such product, in excess of the amount necessary to satisfy the total amount owed to producers under contract, shall be free and clear of such lien. (Amended by Stats.1979,Ch.969.) 55631.5. Notwithstanding Section 55461, a nonprofit cooperative association acting as a producer bargaining association may assert producer's lien rights for, or on behalf of, its members. (Added by Stats.1986,Ch.1109,Sec.2.)

55632. This producer's lien attaches on all of such delivered product from the date of delivery of such farm product or any portion of it by a producer to any processor. (Enacted by Stats.1967,Ch.15.)

55633. The producer's lien is a preferred lien prior in dignity to all other liens, claims, or encumbrances except the following: (a) Labor claims for wages and salaries for personal services which are rendered by any person to any processor in connection with such processing business after the delivery of any such product for processing. (b) The lien of a warehouseman as provided by Division 7 (commencing with Section 7101) of the Uniform Commercial Code. (Amended by Stats.1979,Ch.969.)

55634. Every lien which is provided for in this article is on every farm product and any processed form of the farm product which is in the possession of the processor without segregation of the product. For purposes of this chapter, any and all farm products or processed form of farm products deposited by a processor with a warehouse, whether or not warehouse receipts are given as security to a lender, shall be considered as being in the possession of the processor and subject to the lien. (Amended by Stats.1986,Ch.1109,Sec.3.)

55635. The lien of a producer, unless sooner released by payment or by security which is given for the payment as provided in this article, attaches from the date of delivery of the product, or if there is a series of deliveries, it attaches from the date of the last delivery. (Amended by Stats.1986,Ch.1109, Sec.4.)



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55636. If suit is commenced by any such producer to enforce any lien, such lien shall remain in effect until one of the following occurs: (a) The payment of the agreed price or the value of such product. (b) Deposit of the amount of the lien or claims with the clerk of the court in which any such action is pending. (c) The final determination of such court proceeding. (Amended by Stats.1979,Ch.969.)

55637. Any lien on any product or processed product may, however, be released, to the extent the value of the claim upon such product is secured, by a surety bond or a cash deposit or other security given as provided in this article. Any producer may also release any lien which is possessed by him upon payment being made to him for the agreed or reasonable value of the product which is so sold and delivered, or upon arrangements being made for such payment which are satisfactory to the producer. (Enacted by Stats.1967,Ch.15.)

55638. It is unlawful for any processor to remove, from this state or beyond his ownership or control, any farm product which is delivered to him, or any processed form of the farm product, to which any of the liens provided for in this chapter has attached, except for any of such product or processed product as may be in excess of a quantity on hand which is of a value that is sufficient to satisfy all existing liens. Furthermore, this section shall not prohibit the sale of any farm product or processed form of the product to which such a lien has attached, so long as the total proceeds of the sale are used to satisfy obligations to producers which are secured by a lien established pursuant to this chapter. (Amended by Stats.1979,Ch.969.)

55638.5. The director, within 15 days of the filing of a verified complaint by a producer, shall investigate any charge that a purchaser of a farm product to which a lien has attached has removed any farm product, or any processed form of a farm product, in violation of Section 55638. (Added by Stats.1986,Ch.1109,Sec.5.)

55639. Any processor that desires to secure a release of any or all of such liens on any product or processed product may do so in any of the following ways: (a) By paying the agreed or actual value of any farm product which is purchased by such processor within 20 days from the date of delivery of the farm product unless the date of payment is otherwise agreed upon in writing or such payment is secured other than by lien. (b) By depositing with the director a surety bond which is executed by such processor as principal and by a surety company which is qualified and authorized to do business in this state as surety in an amount which equals the current market value of the product or processed product which is intended by such processor to be sold or otherwise disposed of, as such value may appear by the sworn statement of such processor in accordance with quotations from the federal-state market news service or other evidence which is satisfactory to the director. The bond shall be conditioned that if the processor fails to pay up to the amount of such bond the lawful claims of all producers whose liens have been released by the bond, within 35 days after date of the bond, the surety shall be liable to and shall pay to the state on behalf of such claimants all such lawful claims as may be covered by the amount of the bond, together with costs of suit if an action is filed on the bond. By depositing with the director a cash sum in lawful money of the United States which is expressly set apart by an instrument in writing that is signed by the processor for the purpose of



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guaranteeing to the extent of such sum, payment of all existing claims of producers whose liens are released by the deposit, within 35 days from the date of such deposit. The director shall be named in such instrument as trustee to carry out the purpose and intent of the instrument. (d) By designating, setting apart, and depositing in a public warehouse a quantity of any processed farm products and indorsing over to the director and delivering to him the warehouse receipt for such products for the purpose of guaranteeing to the extent of the value of such deposit, payment within 35 days from the date of such deposit, all existing claims of producers and labor claimants whose liens are released by it. (e) By securing a release from the director after payment in full for such farm product. (Enacted by Stats.1967,Ch.15.)

55640. If all lawful claims of the producers have been paid in accordance with this article by any processor, any product which is released by such action may be sold, transported, or otherwise disposed of. (Enacted by Stats.1967,Ch.15.)



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PRODUCER'S LIEN INFORMATION

California Food & Agricultural Code § 55631 (Producer's Lien). Every producer of any farm product that sells any product which is grown by him to any processor under contract, express or implied, in addition to all other rights and remedies which are provided for by law, has a lien upon such product and upon all processed or manufactured forms of such farm product for his labor, care, and expense in growing and harvesting such product. The lien shall be to the extent of the agreed price, if any, for such product so sold. If there is no agreed price or a method for determining it which is agreed upon, the extent of the lien is the value of the farm product as of the date of the delivery. Any portion of such product or the processed or manufactured forms of such product, in excess of the amount necessary to satisfy the total amount owed to producers under contract, shall be free and clear of such lien.

California Food & Agricultural Code § 55633 (Producer's Lien). The producer's lien is a preferred lien prior in dignity to all other liens, claims, or encumbrances except the

California Food & Agricultural Code § 55638 (Producer's Lien). It is unlawful for any processor to remove, from this state or beyond his ownership or control, any farm product which is delivered to him, or any processed form of the farm product, to which any of the liens provided for in this chapter has attached, except for any of such product or processed product as may be in excess of a quantity on hand which is of a value that is sufficient to satisfy all existing liens. Furthermore, this section shall not prohibit the sale of any farm product or processed form of the product to which such a lien has attached, so long as the total proceeds of the sale are used to satisfy obligations to producers which are secured by a lien established pursuant to this chapter.



Statutory and Regulatory Provision Updates

Statute:

1. Producer's Lien
 - Explicitly ensure that the Producer's Lien remains enforceable and retains its priority regardless of any contractual arrangements to the contrary. The Producer's Lien shall not be subject to waiver or subordination by private agreement.
2. Definitions; Chapter 6 - § 55403 / Chapter 7 - § 56109
 - Include the wording "[California](#)" to clarify farm product:

§ 55403 "Farm product" includes every agricultural, horticultural, viticultural, or vegetable product of the soil, honey and beeswax, oilseeds, poultry, poultry product, livestock product, and livestock for immediate slaughter. It does not include timber or any timber product, milk or any milk product, any aquacultural product, or cattle sold to any person who is bonded under the federal Packers and Stockyards Act, 1921 ([7 U.S.C. Sec. 181, et seq.](#)).

§ 56109. "Farm product" includes every agricultural, horticultural, viticultural, and vegetable product of the soil, poultry and poultry products, livestock products and livestock not for immediate slaughter, bees and apiary products, hay, dried beans, honey, and cut flowers. It does not, however, include any timber or timber product, flower or agricultural or vegetable seed, any milk product that is subject to the licensing and bonding provisions of Chapter 2 (commencing with Section 61801) of Part 3 of Division 21, any aquacultural product, or cattle sold to any person who is bonded under the federal Packers and Stockyards Act, 1921 (7 U.S.C. Sec. 181 et seq.).

Regulation:

3. 1701.1 and 1701.2 - Remove "first-time"

1701.1 (a) The first-time applicant shall supply the following information:

(1) The business name, address, telephone number, mandatory social security number, birth date, and driver's license(s)/identification number(s) of the applicant....

(b) The first-time applicant shall attach the following documents prior to submission...

1701.2 (a) The first-time applicant shall supply the following information:

(1) The business name, business address, telephone number, and taxpayer identification number of the limited liability company or corporation. In addition, the birth date and driver's license(s)/identification number(s) of any chief executive officer/president or chief financial officer/treasurer of any California based limited liability company or corporation. For any non-California based limited liability company or corporation, the birth date and driver's license(s)/identification number(s) of the agent for service of summons listed with the Secretary of State...

(c) The first-time applicant shall attach the following documents prior to submission: (1) A list by an individual of any current licenses and/or licenses from the previous five years issued by the Department for any member of a limited liability company, corporate officer, or significant shareholder of a corporate applicant;

4. 1701.2 - Add Social Security information to be consistent with 1701.1

1701.2 (a)(1) The business name, business address, telephone number, and taxpayer identification number of the limited liability company or corporation. In addition, the birth date, mandatory social security number, and driver's license(s)/identification number(s) of any chief executive officer/president or chief financial officer/treasurer of any California based limited liability company or corporation. For any non-California based limited liability company or corporation, the birth date, mandatory social security number, and driver's license(s)/identification number(s) of the agent for service of summons listed with the Secretary of State;