VOLUME 1, ISSUE 3
FALL 2009

MARKETING MEMO

California Department of Food and Agriculture
Marketing Division, Marketing Branch

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BRANCH BRIEFING BY BOB MAXIE, BRANCH CHIEF

In this briefing:

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- DOF review of Marketing Branch oversight
- Fiscal and compliance audits
- Accounting guidelines

New branch staff assignments and transitions

Effective August 1, Kathy Diaz-Cretu and April Izumi assumed their program assignments. They now have a full set of marketing programs that they will be assisting.

Janyce Wong accepted a job offer with the Employment Development Department in a unit that tracks soldiers re-entering the workforce after returning from Iraq and Afghanistan.

Janyce will be responsible for analyzing statistics on the number of veterans entering the system and seeking services from EDD. We wish her the very best in this new position.

Jeanne Wexler is taking on new assignments within the branch. Jeanne will be researching program issues that arise each day and will be helping to increase efficiency in the branch's oversight functions.

You may view and download a listing of all the new program assignments at http://www.cdfa.ca.gov/mkt/mkt/liasons.pdf.

Dept of Finance review of branch oversight

The Department of Finance's Office of State Audits and Evaluation (OSA&E) completed the field work portion of its review of the branch's procedures for ensuring that the 55 marketing programs fulfill their legal requirements. This review is one of a four-part overall review of the department's oversight functions.

Their evaluation of the Marketing Branch's procedures consisted of the following:

1. Review of various chapters of the Food and Agricultural Code related to administering California's agricultural marketing programs.
2. Interview branch program staff to ensure the auditors understood the oversight requirements spelled out in the code and how each liaison fulfills those requirements.
3. Develop a matrix showing each of the 55 programs and oversight requirements for each program. Produce a sample from that matrix to verify that specific oversight responsibilities were carried out by the branch at a particular time for a particular program.
4. Conduct a survey of the programs regarding the Marketing Branch's oversight responsibilities.

Also, the OSA&E auditors are working with Marketing Branch program liaisons to develop a risk assessment methodology that the branch and CDFA's Audit Unit can use to identify issue areas within each program audit. Eventually, this tool will help to better focus sampling of records and reduce the cost of future audits.

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GOVERNOR SIGNS BLUEBERRY BILL

On October 11, Governor Schwarzenegger signed legislation creating the California Blueberry Commission to fund education, promotion and research activities for the state's growing blueberry industry.

Now the future of the commission lies with the industry, which will vote in a referendum to determine if it will become operative. The Marketing Branch will conduct the implementation referendum in January 2010.

The blueberry industry, which began in California 15 years ago, is rapidly emerging. At a Senate Committee hearing held in July, Tom Avinelis, a blueberry producer from Tulare County, indicated the formation of a commission is critical for the longevity of the blueberry industry.

"The Blueberry Commission will bring the industry together with a unified voice," said Avinelis. "It will create both prosperity for the industry and in some cases survivability for the industry."

Benefits from a prosperous blueberry industry reach far beyond the growers themselves.

"Prosperity for the industry creates economic value for the state, and economic value for the state creates taxable dollars that go into the state coffers," said Avinelis. "Until the economy prospers, the state is never going to prosper."

According to testimony provided at the hearing, there are currently 4,500 acres of blueberries in production in the state. This acreage yields approximately 24 million pounds of blueberries annually, which translates into a gross farm-gate value of about $70 million.

TABLE OF DUE DATES

The table below is a reminder of upcoming due dates. If you have questions, call your Marketing Branch program liaison at 916-341-6005.

Item	Applies To	Due Date
Quarterly Contract Report	Marketing Orders, Agreements & Councils	**1st Qtr ~ Due April** (January - March) **2nd Qtr ~ Due July** (April - June) **3rd Qtr ~ Due October** (July - September) **4th Qtr ~ Due January** (October - December)
Financial Audits	Marketing Orders, Agreements & Councils	Three copies to the Marketing Branch 30 days after completion.
Member Lists	Marketing Orders, Agreements, Councils & Commissions	As soon as possible after any changes. Be sure to include individual contact information: addresses, phone and email addresses.
Form 700	Marketing Orders, Agreements & Councils	**April 1st** Program lists of members and alternates filings due to Marketing Branch.
Ethics Training	Marketing Orders, Agreements & Councils	Members must complete the training in the time frames below and submit the certification to their marketing program executive: • New members: within six months of assuming their position. • Continuing members: every two calendar years. **Program executives must retain the signed original certificates. A list of board members and alternates with the dates they completed the orientation, must be sent to the Marketing Branch, attention of Beth Jensen.**

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BRANCH BRIEFING, CONTINUED FROM PAGE 1

We anticipate that the OSA&E review, combined with feedback received from the survey of program executives, will guide the branch as we work on continuous improvement in oversight of the programs. We look forward to the audit report, and we anticipate that it will be completed in November.

Fiscal and compliance audits

The fiscal and compliance audits are rolling along with two new audit reports released on September 21. These reports were for the Garlic and Onion Dehydrator Inspection Program and Raisin Marketing Board. In mid-October, CDFA's Audit Unit released preliminary reports for the 11 marketing programs administered by Monfort Management. The 11 programs now have 30 days to review these preliminary reports and submit their responses to the department. Final reports will be prepared shortly after the programs respond.

Once Monfort Management audits are completed, the department will be half-way through the first round of program audits. We are putting the finishing touches on a schedule for all remaining audits and will be releasing that schedule to the programs in early November.

Accounting guidelines

The department weighed comments received from programs regarding specific provisions of the accounting guidelines as distributed earlier this year. As you know, on October 2 we sent via email the final document to programs.

We appreciate the constructive dialogue with the programs over the past year in developing these guidelines. The feedback from programs resulted in a much improved document that provides more clarity regarding procedures and expectations.

While we have already emailed to the marketing programs a PDF file of the final version, we also plan on producing binders that contain both the accounting guidelines and a revised/updated policy manual in early 2010.

INDUSTRY JOB OPPORTUNITY!

Assistant Marketing Director, International

The California Walnut Board /California Walnut Commission represent California walnut growers and processors in global marketing activities. We are seeking a dynamic and skilled person to join our team. This is a junior level position reporting to the Senior Marketing Director, International.

Responsibilities

- Assist marketing director in design and administration of marketing activities in export markets.
- Primary liaison with multiple agencies, vendors, etc., in overseas markets. Assures the dissemination of important materials to all vendors, agencies, staff members and, when appropriate, board and committee members.
- Works closely with USDA Foreign Agricultural Service Market Access Program and assists in preparing the Unified Export Strategy, Country Progress Reports and other market analysis.
- Monitors project timelines and works closely with accounting in tracking expenditures against budgets.
- Coordinates requests for proposal, market research, export bulletin and contributions to the organizations' quarterly newsletter.
- Reports directly to the Senior Marketing Director, International.

Qualifications

- 2-4 years experience in a marketing support position, preferably with a commodity organization or food industry
- Excellent communications, writing and editing skills
- High level of competence in computer skills
- Second language may be useful but not necessary
- BA in related field
- Team player

Send resume and salary requirements to:

California Walnut Board/California Walnut Commission
Attn: Senior Marketing Director, International
101 Parkshore Drive, Suite 250
Folsom, CA 95630

No phone calls or walk-ins, please.

MARKETING PROGRAMS: IN THE NEWS

CALIFORNIA PISTACHIO BOARD TAKES STEPS TO ADDRESS FOOD SAFETY CONCERNS

In response to last winter's Salmonella recall, the California Pistachio Board, representing most of the state's processors, recently voted unanimously to expand its mission to ensure that the industry uses best practices in preparing pistachios for market. These best practices—referred to as good manufacturing practices (GMPs)—are currently under development in conjunction with the federal Administrative Committee for Pistachios and the California Pistachio Research Board.

It is the board's intent to develop and enforce a GMP program that will include audits to verify that participating processors are adhering to the safe food production practices.

Before the GMP program can be adopted and enforced, the board must amend its Marketing Agreement through a public hearing process and subsequent processor sign-up carried out by the Marketing Branch. The purpose of the public hearing is for the branch to receive testimony and evidence from affected parties and the public regarding the merits of implementing new food processing standards.

The goal of the board's processors is to initially adopt a GMP program under state authority and eventually transfer the program to the federal Administrative Committee for Pistachios. The advantage of first implementing the GMP program under state authority is that the branch can conduct the start-up within a shorter time frame than allowed under federal procedures.

The board's plan of action has received wide industry support and could be up and running in as few as six months.

CALIFORNIA POTATO RESEARCH PROGRAM REAFFIRMED

In June, the Marketing Branch conducted two public hearings to consider continuation of the California Potato Research Program. No substantial question existed among potato producers about whether the program should continue, so it is affirmed for five more years through September 30, 2014.

PROCESSING TOMATO INDUSTRY EXPECTS RECORD VOLUME

California's processing tomato industry is on pace to set a production record in 2009.

When the last tomatoes are harvested in late October or early November, the industry expects to reach a cumulative volume of 13.5 million tons. This projection is 14 percent higher than last season's year-ending volume of 11.8 million tons, and it is 11 percent higher than the current record of 12.2 million tons set in 1999. As of September, the industry produced and processed a year-to-date volume of 10.5 million tons. This includes seven consecutive weekly harvest totals exceeding 1 million tons.

California produces 95 percent of the nation's processing tomatoes. These tomatoes are inspected to a set of quality standards established by the Processing Tomato Advisory Board. The program operates more than 20 inspection stations across the state, from Williams to Buttonwillow. Each of these stations is equipped with an automated system that allows producers and processors to obtain data from grading results in real time.

CALIFORNIA STRAWBERRY COMMISSION CONTINUATION

All witnesses testifying at the August 18 hearing supported continuing the California Strawberry Commission. Testimony covered a number of commission accomplishments, allowing the state's strawberry industry to remain competitive in the world economy.

Notable accomplishments include:

- Maintaining a critical-use exemption for methyl bromide as a pre-plant fumigant while the industry looks for other viable alternatives.
- Conducting an industry evaluation by food safety professionals that resulted in strawberry specific metrics for increased food safety.
- Helping to increase year-round use of fresh and frozen strawberries in the foodservice and retail channels that have allowed continuing increases in production while maintaining profitability.
- Delivering a research program with production tools that have increased yields.
- Conducting health attributes research, which is essential to convince food professionals and consumers of the value of adding strawberries to a healthful diet.

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PLANNING FOR A VIBRANT AGRICULTURE

BY KAREN ROSS, STATE BOARD OF FOOD & AGRICULTURE

Our world is in constant flux. New technologies, pressing demands, limited resources, evolving contradictions and constantly changing markets are today's norm. Amid these changes, agriculture is being profoundly affected and that has implications for the economy and culture of our state and its citizens.

Growers today are expected to not only stay ahead of change but, in many cases, to anticipate it years in advance and react appropriately. Where nature used to be the growers' great unknown, today it's a myriad of decisions and actions by consumers and policy makers far from the farm gate that dictate success and failure.

Given these unpredictable and overwhelming pressures, it would be easy to hunker down and take a defensive position. But success in today's complex and inter-linked world demands inclusion of many parties and many voices. Under the leadership of California's Agriculture Secretary A.G. Kawamura and the State Board of Food and Agriculture, a bold step to face that actuality has been initiated with California Ag Vision 2030.

Ag Vision is a strategic planning process that is a vital demonstration of agriculture's ability to step out of its comfort zone and react to a rapidly changing environment. By drawing on the input of disparate groups inside and outside production agriculture, Ag Vision hopes to create a 20-year plan that will be used to guide policy, budgetary and regulatory decisions. It should inform public policy and industry practices with an eye to environmental stewardship and public health that ensures a vibrant future for California, along with a thriving agricultural and food production system.

Our future is intrinsically tied to our consumers, our neighbors and the political interests that shape California. Accordingly, the individuals involved in Ag Vision understand this reality. Using an open planning approach, we courageously are stating status quo is not an option.

With so few in the state actively engaged in farming, the lack of consumer understanding of agriculture has been well chronicled. Without that knowledge, it isn't surprising that non-farm citizens view agriculture's concerns as unrelated to their own. Yet conflicting demands from population growth, land use and natural resources are impacting our food production system. If the value of agriculture is not recognized, it is easy to view ag issues—like water availability or invasive pest control—as competitive to your own interests.

And while we may decry the lack of understanding that urban and non-farm populations have of agriculture, we have to ask how much effort do we expend to fully understand and empathize with their issues and concerns? Are we as detached as we complain our non-farm neighbors are?

Ag Vision strives to reduce the level of disconnect. By bringing nontraditional stakeholders together to discuss agriculture and food production from varying perspectives, we believe we have the best chance to hammer out approaches that will provide long-term support for California's food and fiber system.

When Ag Vision stakeholders started meeting in the midst of California's water and budget crisis, some may have questioned the timing. Frankly, I think it helped cement the need for bold, nontraditional thinking. It allowed us to seriously consider the role agriculture and food production plays as an economic engine. The Ag Vision planners are dedicated to recasting agriculture as a strategic resource for this state—a source of food security, employment opportunities tied to emerging science and technology, and a provider of environmental services. As California struggles to pull out of its fiscal dilemma, we are intent on not only highlighting agriculture's amazing bounty but also making sure the dots are connected between our communities of greatest need to ensure all of our citizens are well fed and nourished.

This inclusive process aims to develop a dynamic roadmap reflective of the complex challenges before us and the varied interests that have a stake in overcoming them. The three guiding Ag Vision principles are:

Better Health and Well-Being: Priority is set not only on delivering the safest, highest quality food and fiber, but also on ensuring that all Californians have access to healthy foods and understand how that food is grown and prepared for their table.

A Healthier Planet: The symbiotic nature of agriculture and the environment is established in this theme with a renewed commitment not only to be good stewards of the land but also for agriculture to play a consistent and dominant role in helping the state address water, climate, energy and air issues. A key element of this principle is to ensure that agricultural resources are preserved and supported by regulators and governments in their attempts to achieve these objectives.

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Governor Arnold Schwarzenegger
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WE WANT TO HEAR FROM YOU!

1. *Do you have an announcement or news to share through the Marketing Memo?*
2. *Do you have commodity beauty shots that we can feature in this newsletter?*
3. *Do you have suggestions for improving this newsletter?*

Please send your comments to April Izumi at aizumi@cdfa.ca.gov. And, look for the next quarterly edition of the Marketing Memo on December 17, 2009.

Marketing Branch Mission
We assure the fair and practical operation of marketing programs for the benefit of California agriculture and the citizens of California.

TIMING OF CONTINUATION HEARINGS AND CONTINUATION REFERENDA

The Marketing Branch is responsible for holding continuation hearings for many commodity programs. In the future, the branch intends to conduct these hearings at least six months prior to the end of the last marketing season in which the respective program is authorized to operate. This six-month lead time is needed in the event that the branch determines, based on the hearing record, that an industry continuation referendum is warranted. In those situations, there needs to be adequate time to build an official list of eligible voters, conduct the referendum, and depending upon the voting outcome, possibly wind down operations before the close of the relevant fiscal year.

Similarly, the branch also has concerns with programs that have a required continuation vote instead of a continuation hearing. Although a full six-month lead time is not necessary for conducting such votes, they should be conducted within a time frame that, if needed, allows for an orderly wind down of operations by the fiscal year's end.

As in the past, coordinate with your branch liaison in scheduling your continuation process while keeping in mind these necessary time frames.

PLANNING FOR A VIBRANT AGRICULTURE *CONTINUED FROM PAGE 5*

Thriving Communities: Because food production is a driver of sustainable economic growth, this principle aims to unleash agriculture and food production to grow and diversify while being supported with research and a trained, well-educated, stable workforce.

With these guiding priorities, the diverse Ag Vision participants are hammering out a series of strategies. Some deal with perennial and traditional challenges like water and land use, while others are looking to a bigger and as yet undefined role for agriculture in California's future. By sitting at the table with advocates representing urban, environmental, labor, shipping, investment and hunger issues, agriculture has stepped up to a higher plateau, searching for common ground that not only allows it to survive into the future but to once again be a dominant factor in the environmental, social and cultural fabric of the state.

The end result of the Ag Vision effort will be a concrete document that guides policymakers, agriculture and affiliated interests in harnessing the power of California's largest industry. The report (due in early 2010) will set the stage for future public investments.

With a belief that agriculture in our state should be a leader—a positive entity whose impact stretches beyond the traditional role of delivering quality, affordable, safe products to the market—California agriculture will be out front on evolving issues, lending its expertise, counsel and resources to reinstitute California as a viable, stronger state.

We believe we are positioning agriculture as an integral player in a host of state issues. We can show our impact to California citizens, politicians and our new partners in a myriad of ways. We can help all of these influential audiences reconnect with our work and understand its importance and value. With added prestige, we can anticipate a warmer reception to those issues that dictate our viability—things like regulation, labor, water and pest control. We are casting our role as leading actors in the economic, environmental and well-being of all Californians, while constantly working to build a vibrant future for California agriculture.

Excerpted from the Great Valley Center's "Assessing the Region Via Indicators: The Economy (third edition)"