VOLUME I, ISSUE 4
WINTER 2009

MARKETING MEMO

California Department of Food and Agriculture
Marketing Division, Marketing Branch

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From all of us at the Marketing Branch, we wish you a successful and fulfilling **NEW YEAR** *in 2010.*

BRANCH BRIEFING BY BOB MAXIE, BRANCH CHIEF

In this briefing:

- Pre-meeting with liaisons before annual meeting
- Dept of Finance audit of the Marketing Branch
- Confidentiality of grower lists at CDFA
- Review of policies for marketing programs

With 2010 just around the corner, the branch's program liaisons will be implementing a new procedure based on feedback you provided over this past year.

Prior to each program's annual budget-setting meeting, your program liaison will arrange for a meeting with you and program staff you wish include.

The goal of this meeting is to ensure that the annual meeting is as productive as possible and surprises are kept to a minimum. The liaison's visit to the office also provides an opportunity for the liaison to get to know staff that do not regularly attend board or committee meetings.

Objectives of this meeting are to:

- Review internal policies and procedures.
- Ensure both the branch and program have current copies of all operating documents (e.g., marketing orders, accounting guidelines, bylaws, administrative rules and regulations).
- Discuss the upcoming meeting agenda.
- Review the proposed budget and contemplated activities for the upcoming year.
- Discuss any pending concerns, issues and ideas for improving efficiencies and providing better service.

We recognize that travel costs for such a meeting can be a concern. If the meeting cannot be coordinated with other events, or the impact on the program's budget is excessive, this pre-meeting can occur by telephone.

Toward the end of 2010, this procedure can be on the agenda for a Program Executive's meeting to review whether it is beneficial to you. We hope that it is.

Department of Finance audit of the Marketing Branch
The Department of Finance's Office of State Audits and Evaluation (OSAE) completed its audit of our branch's program oversight function and delivered a draft audit report for our review and response. We submitted our response, and OSAE will release the final report in early January. You will receive the final report as soon as it is released.

Thanks to all those who responded to the survey that OSAE conducted as part of its audit. The survey results are summarized in the report.

Confidentiality of grower lists maintained by CDFA
Based on a recent issue regarding confidentiality of grower lists maintained by marketing order programs, the department's Legal Office reviewed provisions of Section 58781 of the California Marketing Act. Over the years, the department has considered such grower lists to be confidential with one exception. The exception being that the department would release a grower list to any interested person so long as the person certified in writing that he or she would use the list solely for the purpose of formulation, administration or enforcement of a marketing order.

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TIS THE SEASON TO BE "GREEN"

MARKETING BRANCH MOVING TOWARD A PAPERLESS OFFICE

In an effort to improve efficiency and save programs' money, the Marketing Branch is working toward maintaining a paperless filing system for program documents.

In this era of increased frugality, this move will save the programs on mailing costs. Additionally, it will reduce the time that it takes for both the programs and the branch to process and approve documents.

In this spirit, we are requesting that programs e-mail those documents that you already have electronically to your program liaison.

Some of these documents include, but are not limited to, meeting minutes, budget documents, requests for appointments, etc. As we develop these procedures—with input from the programs—we will begin e-mailing you the final approved documents in a PDF format instead of sending them through the mail.

We realize that there will be times when not all documents can be handled electronically. Please keep in mind that this is a general request, but that you should continue to use your judgment when deciding between e-mail or U.S. mail.

Some programs may not yet be able, or want to move to an electronic document system. We will work with all programs individually to make sure that the system works for everyone.

If you have questions, concerns or suggestions about this new paperless system, please contact your program liaison.

Below is a list of e-mail addresses for program liaisons:

Kathy Diaz-Cretu – kdiaz@cdfa.ca.gov

April Izumi – aizumi@cdfa.ca.gov

Dennis Manderfield – dmanderflied@cdfa.ca.gov

Joe Monson – jmonson@cdfa.ca.gov

Glenn Yost – gyost@cdfa.ca.gov

Thank you for your consideration!

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 + UC Research Contracts	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	Two 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

The Legal Office concluded that the only persons responsible for the formulation, administration and enforcement of a marketing order are the Secretary, his or her agents, and the staff for the marketing order. Moving forward, grower lists will be kept confidential and used only for the purposes mentioned above.

Note: To ensure that assessment payers are able to communicate with fellow growers, our policies on voter access provisions will need to be revised.

Review of policies for marketing programs
Marketing Branch staff will be reviewing the *Policies for Marketing Programs, 4th Edition* in the next month or so to identify needed updates. The primary purpose of the review is to ensure that the policy manual is consistent with the newly adopted *Accounting Guidelines and General Rules*. The policy manual also needs to reflect changes in policies and procedures, such as the Fiscal and Compliance Audit program.

Any revisions the branch identifies as warranted will be mailed out to all programs for their review. The branch will solicit written comments from the programs; and, if requested, will be glad to schedule a meeting for all interested program staff to discuss the merits of the proposed revisions, or any other suggested amendments.

Photo courtesy of Ed Williams, Ag Natural Photography

USDA INVITES STATE PARTICIPATION

NATIONAL EFFORT TO REDUCE MARKET BARRIERS

The U.S. Department of Agriculture (USDA) has invited state departments of agriculture, state agricultural experiment stations and other state agencies to submit proposals that help to market, transport and distribute U.S.-produced food and agricultural products domestically and internationally. Selected proposals will be funded through the Federal-State Marketing Improvement Program (FSMIP).

The FSMIP is a matching grant program administered by the USDA's Agricultural Marketing Service, with funds allocated on the basis of one round of competition. USDA is particularly interested in proposals that involve collaboration among the states, academia, producers and other stakeholders and in proposals that have state, regional or national significance. Federal funds awarded to any project must be matched by non-federal funds or in-kind resources.

USDA has recently funded projects as diverse as these:

1. Helping develop strategies to increase the number of consumers who participate in direct marketing.
2. Determining optimum strategies for marketing source-verified beef in high-end restaurants in major metropolitan areas.
3. Developing an analytical model for use by state departments of agriculture to more efficiently and cost-effectively allocate state resources for promoting locally grown food.

Program guidelines, application forms and other related information are posted on the Internet at www.ams.usda.gov/FSMIP.

Please contact your branch liaison, or Jeff Cesca, special assistant for the Division of Marketing Services, at 916-445-2789 for further information.

Any program submissions will need to be approved by the department and received no later than Friday, **January 29, 2010**.

The deadline for submitting applications to USDA is Wednesday, **February 10, 2010.**

MARKETING PROGRAMS: IN THE NEWS

SPECIAL HEARING TO CONSIDER SUSPENSION OF CUT FLOWER COMMISSION

The California Department of Food and Agriculture recently announced that the Cut Flower Commission will continue to operate without the need to conduct an industry suspension referendum. This determination is based on the department's review of testimony and evidence submitted for a December 2, 2009, hearing regarding the effectiveness of the commission.

This special hearing was called in response to a petition submitted by cut flower producers requesting a two-step suspension process: a public hearing (suspension hearing) and a possible producer referendum (suspension referendum).

Section 78002 of the Cut Flower Commission law requires the Marketing Branch to conduct a suspension hearing if it receives petitions signed by "not less than 20 percent of the producers by number who produced not less than 20 percent of the gross dollar value of flowers in the immediately preceding marketing year."

An analysis of the petitions revealed that qualified petitioners represented more than 33 percent of the currently assessed producers and those producers accounted for slightly more than 21 percent of the total production value. These results exceeded the criteria for triggering a suspension hearing.

Section 78002 of the commission law also specifies that a suspension hearing may yield two possible outcomes, depending upon the department's review of the hearing record. If the petitioners have shown by a "preponderance of evidence" that the commission has not fulfilled its mission, then the branch shall conduct a suspension referendum of qualified producers to determine if operations of the commission shall be suspended.

In the absence of such a finding by the branch, the commission law specifies that a referendum shall not be conducted and operations of the commission will continue.

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BRANCH TO CONDUCT PIERCE'S DISEASE REFERENDUM

Branch staff are again working with the Pierce's Disease Program by conducting a referendum to consider whether assessments levied on winegrape growers should continue. Assessment revenues for this program go to support research and other activities against Pierce's disease and the glassy-winged sharpshooter. Just as the case with the 55 marketing programs, this referendum is required by statute to take place every five years.

Since this referendum is not being conducted on behalf of a marketing program overseen by the branch, all expenses will be reimbursed. As a result, the branch will have an additional source of revenue, resulting in lower prorate costs for personal services to each marketing program.

Referendum ballots will be sent out to the industry in late March, but the branch has already initiated the process of building a comprehensive list of winegrape growers. The list building process is being carried out through a cooperative effort with USDA's National Agricultural Statistics Services as they work with wineries to compile the annual Grape Crush Report. Results should be announced in mid-June.

CONTINUATION OF GARLIC & ONION RESEARCH PROGRAM

Based on favorable industry feedback at a public hearing held in October, the department approved continuation of the California Garlic & Onion Research Program for another five years. Since being implemented in 2005, it has funded more than $350,000 of research and survey studies relating to production, processing and distribution of garlic and onions. In addition to industry funding, the board has secured more than $115,000 in grants from third-party government agencies, including the USDA.

These funds have been used to find immediate and long-term solutions to mitigate diseases (white rot, iris yellow spot virus and garlic rust) as well as to control pests (seed corn maggots, thrips and gold mites). Additionally, through its research efforts, the program successfully secured several Section 18 exemptions and registrations of labels for important chemical products. Some examples of products secured for the industry, using board funds, include Folicur, Poncho, Chateu and DADs.

A VOICE FROM THE PAST: COMMENTS FROM A FORMER CHIEF EXECUTIVE

At this time of year, as we reflect on people we've known and worked with, we decided to share with you a recent conversation with Wade Whitfield. You will read below that he served in a variety of capacities with several commodity programs for nearly four decades! We think his comments are still relevant today.

What is your history of working with agricultural commodity boards?

Cling Peach Advisory Board
From 1964 to 1972, I was a grower board member. I served as chairman of the executive/finance committee for six years. The Cling Peach Advisory Board hired me in 1972 to serve as the advertising merchandising manager. I left that position in 1978 to become the president/CEO of the newly formed Iceberg Lettuce Commission.

California Iceberg Lettuce Commission
From 1978 to 1992, as president/CEO of the commission, I oversaw the development of a national marketing program. The commission closed down in 1992 after an industry vote.

National Mushroom Council – (federal program)
From 1993 to 1998, I served as president/CEO and started their promotional programs. After a positive continuation referendum was completed in 1998, I retired shortly thereafter.

How you have been spending your time since leaving your last commodity board position?

My wife and I have traveled to many parts of the world. Cruises and golfing trips have been numerous. We live on a golf course in Northern California with all of our family living close by. We spend a lot of time just enjoying life.

What is an example of a major accomplishment that you were able to facilitate and oversee?

I was able to successfully start up two commodity programs for lettuce and mushrooms. I was also very involved in developing the Produce for Better Health Foundation (5 a Day).

I was very honored to be named "Produce Man of the Year" in 1990 by The Packer.

What aspect of managing a commodity board did you find most challenging?

Communicating the value of the program to the industry's constituents (growers/shippers/processors).

What aspect of managing a commodity board did you find most rewarding?

The involvement with all of the different people in the produce industry, including growers, shippers, retailers, wholesalers, foodservice operators, suppliers, program staff and government officials—a truly great industry.

Based on your understanding of current agricultural conditions and commodity board operating environment, how is managing a commodity board similar or dissimilar to when you were a CEO?

It is similar because you are developing and implementing a program to benefit the constituency of those affected by a given program.

It is different because of the enormous amount of scrutiny by those not directly affected but who think they are compelled to get involved, especially in a food safety crisis. It is critical that a current program have a good crisis management plan in place.

What piece of advice would you like to pass on to current commodity board chief executives that could help them in their role as an industry leader?

Communicate! Communicate! Communicate! It is an absolute must that you keep everyone informed of all aspects of the program you manage. This is the single most important thing you will do and the most difficult.

Do you have any comments on other matters that you think would be interesting and helpful to current commodity board chief executives?

It was an honor and privilege to serve as a CEO of several commodity boards. Getting involved with industry groups, such as the Produce Marketing Association and United Fresh Fruit & Vegetable Association broadened my scope of the produce industry, helping me to be a better communicator and commodity board executive.

MARKETING MEMO

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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 or news items for inclusion in the next Marketing Memo to April Izumi at aizumi@cdfa.ca.gov.

Thank you!

Marketing Branch Mission

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

TIMELINESS OF ANNUAL FINANCIAL AUDITS

All California marketing programs undergo annual financial audits by independent accounting firms. As cited in CDFA's *Policies for Marketing Programs*, the department strongly recommends that the annual financial audit be completed **within six months** of the end of the program's fiscal year. Completing the audit in a timely manner allows the report to serve as a valuable tool for program staff and the board of directors in planning for the upcoming fiscal year and making any administrative changes that may be highlighted in the management letter. Many programs are consistently adhering to the six-month guideline. However, the Department of Finance noted that several programs have been disturbingly late and included this as a serious concern in their recent audit of CDFA's marketing program oversight functions.

The Marketing Branch urges all programs to take immediate steps to ensure timely completion of their annual financial audits. If the firm your program uses is not able to accommodate this timeliness, then we urge you to secure the services of a new accounting firm that can meet this important timing expectation.

ANNOUNCEMENT...

SHERI MIERAU LEAVES THE CA TREE FRUIT AGREEMENT

Sheri Mierau recently accepted the position of vice president of sales and marketing for Fruit Patch Sales in Dinuba. After serving as the California Tree Fruit Agreement's president for three years, she is looking forward to this new career opportunity.

During her tenure as president she oversaw a member-directed restructuring that involved a dramatic downsizing of the domestic market development program, with a greater concentration on consumer and category research, trade education and industry resources.

The executive committee is analyzing priorities and staffing needs to decide the appropriate qualifications for filling this position. After completing this analysis, the committee will conduct an employee search to fill the vacancy. In the interim, long-time employee, Gary Van Sickle, will be carrying out many of the administrative duties.

Branch staff have enjoyed working with Sheri over the years, and we wish her all the best in this new position.

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CUT FLOWER COMMISSION: It is important to note that just minutes before the start of the hearing, several of the petitioners, including the producer who led the petition drive, withdrew their petitions. Subsequently, no oral testimony was offered at the hearing by anyone supporting suspension of the commission. In contrast, there were nine cut flower producers present at the hearing that testified in support of the commission and its effectiveness.

The branch reviewed the hearing record and determined that petitioners failed to meet the "preponderance of evidence" test as specified by the Cut Flower Commission law. Thus, a suspension referendum was not conducted and the commission continues to operate.

However, the commission will need to conduct its regular five-year continuation referendum during the upcoming 2010 calendar year, as required by commission law.