

Nursery Advisory Board (NAB)
Conference Call
California Department of Food and Agriculture (CDFA)

Tuesday, October 27, 2015
12:00 p.m. – 1:00 p.m.

1. Roll Call

The meeting was called to order at 12:10 p.m. by Steve McShane, Board Chair. The following members and guests were present:

| | | |
|----------------|---------------------|----------------------|
| Mike Babineau* | Joshua Kress** | Steve McShane* |
| David Cox* | Janet Silva Kister* | Lorence Oki* |
| Robert Crudup* | Phuong Lao** | Ernest J. Rodriguez* |
| Don Dillon* | Erin Lovig** | Daniel Waterhouse* |
| Amber Hoyt** | Thomas Lucas* | |

* Nursery Advisory Board Member, **CDFA employee

2. Nursery Services Budget Update and 2017/18 Proposed Spending Plan

Joshua Kress provided the Board with a Budget Summary and Fund Condition Statement (Attachment 1-2) and noted which items were different from the reports provided at the September 22, 2015 meeting.

No changes were made for the reported expenditures for Fiscal Year 2013/14 or for the approved budget for Fiscal Year 2015/16.

For Fiscal Year 2014/15, the actual expenditures for County Contracts billed to CDFA were reported as \$686,060. In the September report this billing was incomplete, and expenditures at that time had been projected at \$720,000. There were also minor adjustments to some operating expenses for Fiscal Year 2014/15.

For Fiscal Year 2016/17, the Proposed Spending Plan presented reflected an overall budget increase of \$20,249 from the September report. Changes included an increase of \$86 in total personal services, an increase of \$10,432 to indirect charges, and a decrease of \$7,681 to the Pro Rata charges. The projection for county contracts was increased from \$648,299 to \$675,000 based on the unused amount from Fiscal Year 2014/15 that will be carried over to Fiscal Year 2016/17. The projection for cost recoveries from the Fruit Tree, Nut Tree, and Grapevine Improvement Advisory Board (IAB) and the Unclaimed Gas Tax (224c) were projected as increasing by a total of \$9,289.

Kress noted that the Budget Summary report presented had also been modified to include cost recoveries, which were previously only included on the Fund Condition Statement, in order to better reflect the actual budget accounting as performed by CDFA.

Kress reviewed the Fund Condition Statement, and noted that revenue projections had not changed since the September meeting. Kress noted that the recommended reserves for this program are between \$1 million and \$1.5 million. During Fiscal Year 15/16, reserves were

projected to fall from \$1,457,096 to \$1,278,537 due to increasing expenditures and static revenues. By the end of Fiscal Year 2016/17, the reserves were projected to drop to \$998,502, and this budget shortfall was expected to continue in future years.

Kress reviewed the possible impact of the Medical Marijuana Regulation and Safety Act on the program's revenue and costs. Kress noted that any additional revenue or cost to the program would likely not be realized until at least January 2018. The long-term effects of this law to the program are still uncertain.

Daniel Waterhouse moved to recommend to the Secretary the proposed budget of **\$3,041,635** for Fiscal Year 2016/17. David Cox seconded. The Board voted by roll call and unanimously voted in favor. Motion carried.

3. Public Comments:

None

4. Next Meeting/Agenda Items

The next meeting will be held in Sacramento in February. A Doodle poll will be sent to Board Members by Erin Lovig around December 1, 2015 to determine the best date available. Thomas Lucas recommended including a discussion on the effects of the ACP/HLB quarantine regulations on nurseries on the agenda for the next meeting.

5. Adjournment

Meeting was adjourned at 12:28 pm.

Respectfully submitted by:

Erin Lovig
Senior Environmental Scientist
CDFA Nursery, Seed, & Cotton Program

Approved by Board Motion on March 2, 2016

Nursery Services Program Budget Summary

| | PPY 2013/14 per 9/4/2015 | PY 2014/15 per 10/22/2015 | CY FY2015/16 | Proposed FY 2016/17 |
|---|--------------------------------|---------------------------------|------------------|------------------------|
| Permanent Salary | 877,995 | 907,742 | 1,032,296 | 1,043,246 |
| Temporary Salary | 99,322 | 119,447 | 89,266 | 89,738 |
| Staff Benefits (includes Unemployment Ins) | 472,661 | 536,053 | 502,968 | 572,859 |
| TOTAL PERSONAL SERVICES | 1,449,978 | 1,563,242 | 1,624,530 | 1,705,843 |
| General Expenses | 20,499 | 24,044 | 40,000 | 40,000 |
| Printing | 3,496 | 3,806 | 5,000 | 5,000 |
| Communications | 12,780 | 13,581 | 14,000 | 14,000 |
| Postage | 6,328 | 6,704 | 8,000 | 8,000 |
| Insurance-Vehicles | 2,484 | 2,026 | 3,000 | 3,000 |
| Travel In-State | 25,624 | 32,285 | 37,000 | 37,000 |
| Travel Out-of-State | 2,141 | 5 | 0 | 0 |
| Training | 730 | 3,576 | 10,000 | 10,000 |
| Facilities | 192,837 | 152,473 | 142,000 | 142,000 |
| Utilities | 3,427 | 7,201 | 3,000 | 3,000 |
| Cons & Prof | 1,801 | 1,308 | 2,000 | 2,000 |
| Atty General Charges | 0 | 0 | 5,000 | 5,000 |
| CASS (Temp Labor Services) | 77,940 | 5,667 | 0 | 0 |
| Intradeptl Charges (includes Division Costs, Executive/Administration, IT) | 412,485 | 436,030 | 408,247 | 418,679 |
| Pro Rata | 86,918 | 108,201 | 108,608 | 100,927 |
| IT Purchases | 5,577 | 9,920 | 14,000 | 14,000 |
| Equipment | 24,786 | 48,847 | 45,000 | 45,000 |
| Field Expenses/Agri Supplies | 16,964 | 16,522 | 16,472 | 16,472 |
| Lab Supplies | 4,445 | 0 | 5,300 | 5,300 |
| Vehicle Operations | 35,636 | 32,029 | 50,000 | 50,000 |
| Other Misc. Charges (incl. Taxes) | -197 | 448 | 0 | 0 |
| Subtotal Oper Exp/Equip | 936,701 | 904,674 | 916,627 | 919,378 |
| County Contracts | 694,431 | 686,060 | 648,299 | 675,000 |
| Nematode Lab Costs | 52,920 | 68,520 | 60,000 | 60,000 |
| TOTAL OPER EXP/EQUIP | 1,684,052 | 1,659,255 | 1,624,926 | 1,654,378 |
| Recovery from other programs | 257,881 | 271,911 | 266,970 | 275,000 |
| Reimbursement 224c - Admin | 41,470 | 42,254 | 42,327 | 43,586 |
| TOTAL COST RECOVERIES | 299,351 | 314,165 | 309,297 | 318,586 |
| TOTAL BUDGET w Personnel & Benefits | 2,834,679 | 2,908,332 | 2,940,159 | 3,041,635 |

Nursery Services Program Fund Condition

| | PPY 2013/14 EOY Actual | PY 2014/15 EOY Estimate | CY 2015/16 Projection | Projection for 2016/17 Fund Condition | Projection for 2017/18 Fund Condition |
|------------------------------------|------------------------------|-------------------------------|-----------------------------|---|---|
| BEGINNING RESERVE BALANCE | \$1,541,243 | \$1,613,232 | \$1,457,096 | \$1,278,537 | \$998,502 |
| REVENUE CATEGORIES | | | | | |
| Nursery License Fee | 1,964,624 | 1,755,475 | 1,800,000 | 1,800,000 | 1,800,000 |
| Acreage Fee | 314,712 | 301,294 | 305,000 | 305,000 | 305,000 |
| Delinquent (Penalty) Fee | 37,212 | 42,600 | 40,000 | 40,000 | 40,000 |
| Directory Sales | 140 | 105 | 100 | 100 | 100 |
| R&C & Nematode Certification | 584,566 | 648,107 | 611,500 | 611,500 | 611,500 |
| Interest & Miscellaneous Income | 5,414 | 4,614 | 5,000 | 5,000 | 5,000 |
| TOTAL REVENUE | 2,906,668 | 2,752,195 | 2,761,600 | 2,761,600 | 2,761,600 |
| EXPENDITURES | | | | | |
| Personnel Services | 1,449,978 | 1,563,242 | 1,624,530 | 1,705,843 | 1,705,843 |
| Operating Exp & Equipment | 936,701 | 904,674 | 916,627 | 919,378 | 919,378 |
| County Contracts | 694,431 | 686,060 | 648,299 | 675,000 | 675,000 |
| Lab Services | 52,920 | 68,520 | 60,000 | 60,000 | 60,000 |
| TOTAL EXPENDITURES (BUDGET) | \$3,134,030 | \$3,222,497 | \$3,249,456 | \$3,360,221 | \$3,360,221 |
| COST RECOVERIES | | | | | |
| Recovery from other programs | 257,881 | 271,911 | 266,970 | 275,000 | 275,000 |
| Reimbursement 224c - Admin | 41,470 | 42,254 | 42,327 | 43,586 | 43,586 |
| TOTAL COST RECOVERIES | 299,351 | 314,165 | 309,297 | 318,586 | 318,586 |
| ENDING RESERVE BALANCE | \$1,613,232 | \$1,457,096 | \$1,278,537 | \$998,502 | \$718,467 |

NOTES OF INTEREST:

Reserve Calculation: The Department recommends that this program maintain a reserve of between 1/3 and 1/2 of its annual expenditures; this calculates to between \$1M and \$1.5M.