



## **Board Meeting Notice**

Sent and posted August 18, 2017

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### **Via Teleconference Call**

**DATE:** **Wednesday, August 30, 2017**  
**TIME:** **10:00 A.M. - 3:00 P.M.**  
**ACCESS NUMBER:** +1 408 638 0968 (US Toll) or +1 646 558 8656 (US Toll)  
**PASSCODE/ Meeting ID:** 466 870 1284  
**Or Join with the link:** <https://zoom.us/j/4668701284>  
**LOCATION:** Yolo County Farm Bureau Office  
69 W Kentucky Ave.  
Woodland, CA 95695

*Board Members wishing to participate in the meeting VIA TELECONFERENCE CALL must notify Crystal Sandoval via email to ([csandoval@californiawheat.org](mailto:csandoval@californiawheat.org)) or by Fax to (530) 661-1332 at least 24 hours prior to the listed meeting. **Failure to do so will disqualify you from participation.***

## **AGENDA**

- 10:00 a.m. I. Call to Order
- A. Announcement of 2017 Producer Election Results  
B. Roll Call/Establish Quorum
- 10:10 a.m. II. Introduction of Guests
- 10:15 a.m. III. Public Comment
- 10:20 a.m. IV. Approval of Agenda
- 10:20 a.m. V. Officer Elections
- Recommendations from the Nominating Committee
  - Election of Chairman, Vice Chairman and Secretary/Treasurer
  - New Officers Assume Position
- 10:25 a.m. VI. Approval of Previous Board Meeting Minutes
- A. April 12, 2017  
B. April 24, 2017
- 10:30 a.m. VII. Acceptance of Previous Committee Minutes
- A. April 4, 2017 Executive Committee
- 10:35 a.m. VIII. Commissioner Reports
- 10:55 a.m. IX. FY 16/17 Audit Report - Damore Hamric & Schneider, Inc



- 11:15 a.m. X. Research Update
- A. Research Committee Report - Variety Releases
  - B. Jorge Dubcovsky - Wheat Breeding Update
- 12:15 p.m. ADJOURN FOR LUNCH
- 01:00 p.m. XI. Administrative Issues / Discussion Item
- A. Handler Audit Summary
  - B. Staff Reports
- 01:20 p.m. XII. Market Development
- 01:40 p.m. XIII. Financial Reports
- A. FY 16/17 Income/Expense Final Report
  - B. FY 17/18 YTD Income/Expense Report
  - C. FY 17/18 Budget Change Proposal
  - D. Cash Flow Statement through 8/15/17 and CDs and Money Market
  - E. Vacation Accrual Report
- 02:30 p.m. XIV. CAWG Written Report
- 02:45 p.m. XV. Public Comment

Closed Session

Closed session, if necessary, pursuant to California Government Code 11126(a) regarding the appointment, employment, evaluation of performance, or dismissal of an employee. Closed Session, if necessary, regarding pending litigation pursuant to Government Code Section 11126(e).  
Return to open session and announce action taken in closed session, if any.

- 02:55 p.m. XVI. Set Next Meeting Date - December 5, 6, or 7, 2017 - Proposed
- 03:00 p.m. ADJOURN MEETING

*Note: The times listed for each agenda item are estimated and subject to change. It is possible that some of the agenda items may not be able to be discussed prior to adjournment. Consequently, those items will be rescheduled to appear on a subsequent agenda.*

*All agenda items are subject to discussion and possible action. All interested parties are invited to attend the meeting. Time will be allowed for members of the public to make comments on each agenda item (up to 2 minutes). To make a request for more information, or to make a request regarding a disability-related modification or accommodations for the meeting, please contact Isabel Alvarado at 530-661-1292, or 1240 Commerce Ave., Ste. A, Woodland, CA 95776, or via email at [irivera@californiawheat.org](mailto:irivera@californiawheat.org). Requests for disability-related modification or accommodation for the meeting should be made at least 48 hours prior to the meeting time. This notice and agenda is available on the Internet at [www.californiawheat.org](http://www.californiawheat.org). 2*

ROLL CALL

DISTRICT	1:	Commissioner: Alternate:	<u>John Walker</u> <u>Bryce Crawford</u>
DISTRICT	2:	Commissioner: Alternate:	<u>Bill Cruickshank</u> <u>Larry Hunn</u>
DISTRICT	3:	Commissioner: Alternate:	
DISTRICT	4:	Commissioner: Alternate:	<u>Dennis Pelucca</u> <u>Augie Scoto</u>
DISTRICT	5:	Commissioner: Alternate:	<u>Nathanael Siemens</u>
DISTRICT	6:	Commissioner: Alternate:	<u>Scott Schmidt</u>
DISTRICT	7:	Commissioner: Alternate:	<u>Mike Carlisle</u> <u>Jordan Parsons</u>
DISTRICT	8:	Commissioner: Alternate:	<u>Jim Parsons</u>
DISTRICT	9:	Commissioner: Alternate:	<u>Ron Rubin</u> <u>Roy Motter</u>
HANDLER	1:	Commissioner: Alternate:	<u>Chris Spulock</u> <u>Mark Mezger</u>
HANDLER	2:	Commissioner: Alternate:	<u>J.W. Cope</u> <u>Michael Edgar</u>
AT LARGE	1:	Commissioner: Alternate:	<u>Lee Jackson</u>
PUBLIC:		Commissioner: Alternate:	<u>Steve Windh</u> <u>Damon Sidles</u>



Approved by the Board \_\_\_\_\_

**CALIFORNIA WHEAT COMMISSION  
Board Meeting  
Yolo County Cooperative Extension Building  
Woodland, California**

**Summary and Recommendations Of April 12, 2017**

Opening Business

The meeting was held at the Yolo County Cooperative Extension building in Woodland.

Call to Order

The meeting of the California Wheat Commission was called to order by Chairman Steve Windh at 10:55 AM on Wednesday, April 12, 2017, in Woodland, California.

Roll Call

Roll Call was conducted and a quorum was not established. Members present for all or part of the meeting included:

District 2:	Bill Cruickshank Larry Hunn (Alternate)
District 7:	Mike Carlisle
District 9:	Ron Rubin Roy Motter
At Large 1:	Lee Jackson Jim Parsons (Alternate)
Public:	Steve Windh

A quorum was not present.

Board will conduct business and then in 10 days a teleconference meeting will be set up to ratify all discussions and decisions.

Introduction of Guests

Guests present for all or part of the meeting included: David Schemm, NAWG President, Chandler Goule, NAWG CEO, Dennis Manderfield, CDFR Marketing Branch;

Nick Matteis, Executive Director, California Association of Wheat Growers; and Jorge Dubcovsky, UC Wheat Breeder, and Mark Lundy, Assistant CE Specialist in Grain Cropping Systems at UC Davis.

## Agenda

#1 Consensus agreement was made to approve the agenda.

## Previous Meeting Minutes

#2 Consensus agreement was made to approve December 7, 2016, meeting minutes.

## National Association of Wheat Growers

David Schemm started off his presentation with introducing himself. Schemm is a wheat farmer from Western Kansas who also grows corn, primarily dry land operations. Schemm explained that NAWG is cross-owned regions of all six class of wheat and deal with several types of wheat production. In California wheat is more of a rotational crop, Washington and Oregon area they grow wheat and then they grow wheat, that is their production system. You get into the North Dakotas where it's their primary crops. We have states like PNW that 85% is export and California is a deficit. There are a wide variety of conditions that growers have to deal with. We are policy focused and regulations. Schemm then introduced Chandler Goule, CEO of NAWG. Schemm added that their sister organization is USWA and they have a strong relationship with millers and the bakers, wheat food council, and Grain and feed association. Schemm also talked about Policy issues, Farm Bill implementation, Trade, Infrastructure Investments, Commodity Markets, Transportation, and Environmental Regulations. Schemm also went over General Farm Bill positions, the importance of maintaining strong crop insurance program, maintain choice between ARC and PLC, Improving the effectiveness of ARC and PLC, double MAP and FMD funding, importance of nutrition programs, and emphasis on Research programs.

Chandler Goule CEO of NAWG presented and talked about current programs such as WOLF program is put on by Bayer, WILOT program sponsored by Monsanto, Jerry Minore Scholarship, Wheat Advocates, and National Wheat Yield Contest. Goule then talked about the National Action Plan, is something that spent two and half of years on. They interviewed (800) bakers and millers, and wheat growers across the country. We got interesting feedback from that. We asked wheat growers, "Do you think you feel you have enough tools to manage and grow wheat" and only 92% said yes and only 8% said they expect to make a profit. What we learned is that the farmers they are using wheat as a rotational crop. They are using their nitrogen to their other crops and not wheat. We need to have the growers, the Millers, the handlers, the Monsanto's, something we can all agree on. One of the things I want to do is to educate and demonstrate. To do a mini trade show for wheat and have booths for NAWG, USWA, millers, and growers.

## Commissioner Reports

Ron Rubin, Imperial Valley: Small number of acres planted about 17,000 acres of durum in imperial valley. The crop looks pretty good, we have had warmer weather and the weather has tempered a little bit not as hot as a year ago. Won't start harvest until the middle of May.

Roy Motter, Imperial Valley: Have not much to add to Ron Rubens comments. Wheat looks good, always does this time of year. Just not enough of it, rare to see a wheat field when you are driving around.

Chairman Steve Windh: The grain markets are depressed. My experience on the buying side, you are not seeing a lot of demand coming into the marketplace, large global supplies. A market that carries a premium in it a little above normal. Current contract 432 a bushel. A lot of bins full of wheat in California and around the country right now and with the new harvest you cannot fit anymore in the bins.

Mike Carlisle, Tulare/Kern County: What grain is planted looks good in Tulare County. The dry land looks good. Little waterlog, will see how the season finishes.

Bill Cruickshank, Yolo County: Dryland best conditions, irrigated growers will probably won't have to irrigate this year. Cruickshank also informed about his travel to USWA meeting in Washington.

Jorge Dubcovsky, UC Wheat Breeder: Starting to see stripe rust. The new varieties are holding well.

Lee Jackson, At Large Member, former UC Small Grains Specialist: Crop looks pretty good now. Very nice-looking wheat fields. Normally with a lot of rain, I would get a lot of calls for advice for flood damage, wet feet damage. This weather would be very susceptible for Septoria but since we have had a five-year drought, the wet conditions will not affect this year but could be different for the next. Most susceptible variety for Septoria is Joaquin which is grown in the central valley.

Larry Hunn, Yolo County: In the Delta, it all depends if you have low ground or high ground. If you have low ground you have nothing. I do see companies are out pushing barley seed, tremendous push for grain seeds due to price. Some competition.

Jim Parsons – Tulare County: Reported they are going to have a good dryland year. Parsons also talked about the yield contest.

## UC Research Report/Budget Request

Jorge Dubcovsky informed on his 2016-2017 annual research report, what he accomplished through the year (May 1, 2016, to April 30, 2017). For the durum program, he is working on low cadmium, improve yellow pigment and different alleles for gluten strength and resistant starch. Dubcovsky also gave an extensive report on regional trials. There was also discussion on UC overhead charges and how the commission is working with UC to avoid these charges.

Mark Lundy informed on his 2016-2017 annual research report, Small Grains Regional Testing program. Lundy gave an instructional presentation on how to use Variety Selection tool. Lundy also went over the benefits of using this tool.

## Presentation

Claudia Carter presented on her plans on how to move the California Wheat Commission forward. Carter said that as the executive director of the commission she wants to do more than just sit around, that change needs to happen. Carter presented a graph that demonstrates Common wheat historical and planted vs Harvested dated from 1980 to 2015. Which shows that it has been declining over years and a growing gap between acres planted vs harvested. Durum Wheat historical acres planted vs Harvested has maintained with no gap between planted and harvested. Carter then presented how much the commission has funded for research in the last ten years. Carter also talked about most grown varieties planted in Sacramento Valley and San Joaquin Valley from 2008 – 2015. Carter pointed out that none of the varieties that the commission funds is being grown in the area. Carter mentioned what research funding has accomplished, like Stripe rust, wheat quality improvements, and highly accepted varieties. Carter also talked about the export market for CA wheat, it has declined dramatically from 2012 to 2016. Carter also pointed out California's strengths and weaknesses. Carter ended her presentation with asking her the board if they agree that change needs to happen or should the Commission just keep doing the same with no change.

## Elections

Alvarado stated that the three districts that are up for elections are 3, 5, and 8. Currently, District 5 is vacant. Windh recommended that we move Parsons to District 8 as a commissioner and re-elect Kirk Elholm as an alternate. Further discussion will take place on conference call meeting.

## Handler Audit Review

There was a discussion on how to proceed when handler audits are conducted and result in findings. Cruickshank recommended that when audits result in finding, that we should give the handler thirty days to pay the past due to assessments before proceeding to add interest and penalty fees. Dennis Manderfield explained how CDFA conducts their audits.

**Consensus agreement was made to approve two audits per year.**

## Certification Mark

Carter conveyed to the board that there were three letters from handlers who requested to use the certification mark. The three handlers are El Toro Export, Western Milling, and Penny Newman. The board made a consensus agreement to approve the letter in the next conference call.

## Staff Reports

Claudia Carter, Lab Director gave her report. Carter summarized her report by talking about her plans for the coming year. Carter talked about her trips to visit handlers and how successful they were. Carter reported back to the board that the feedback she got was that the commission needs to focus more on the domestic market and not so much on export. California does not do much export and needs to focus on how the domestic market can expand. Carter's plan is to continue visiting handlers, growers, millers, and bakers to continue to build relationships and see how the commission can help the California wheat market and she also plans to continue to promote California's wheat quality characteristics.

Isabel Alvarado, Operations Manager gave her report. Alvarado informed that the commission conducted the annual wheat variety survey. Alvarado stated that they received 951 surveys back and from those surveys, 34% stated growing wheat, 50% no wheat, and 16% stopped planting. According to the results, there are an estimated 413,000 acres of wheat were planted for 2017, which is 21% down from our 2015 wheat variety survey and a decrease of 59% for durum wheat. Lastly, Alvarado stated to the board that the continuing referendum conducted every five years will be up to vote for the upcoming FY 17/18.

## FY 16/17 FINANCIAL REPORT

Carter informed that our assessment collection exceeded the budgeted amount by \$143,000.

## FY 17/18 BUDGET PROPOSAL

Carter presented her proposed budget for FY 17/18. Carter proposed \$700,000 assessment collection. Carter has also projected \$135,000 for lab income which includes a private customer who will add \$50,000 to lab revenue.

## CAWG Report

Nick Matteis, Executive Director of CAWG reported about the Winter Conference in Washington, DC.

## FUTURE MEETING DATE

The next meeting of the California Wheat Commission will be Monday, April 24, 2017.

Meeting Adjourned at 04:45 PM.

Respectfully submitted,

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Isabel Alvarado, Operations Manager

Approved by the Board on \_\_\_\_\_, 2017

\_\_\_\_\_  
Steve Windh, Chairman



Accepted by the Commission

on \_\_\_\_\_

**CALIFORNIA WHEAT COMMISSION  
Board Meeting  
Via teleconference**

**MINUTES OF April 24, 2017**

## OPENING BUSINESS

### Call to Order

A teleconference meeting of the California Wheat Commission Board was held on Monday, April 24, 2017. Committee Vice Chairman Bill Cruickshank called the meeting to order at 10:10 am and Steve Windh took over the meeting at 10:30 am.

### Roll Call

Roll Call was conducted. Committee members present on the call were:

Bryce Crawford  
Bill Cruickshank  
Dennis Pelucca  
Augie Scoto  
Mike Carlisle  
Chris Spurlock  
Lee Jackson  
Damon Sidles  
JW Cope (Joined at 10:16 am)  
Larry Hunn (Joined 10:19 am)  
Ron Rubin  
Steve Windh (Joined at 10:30 am)  
Roy Motter (Joined at 11:00 am)

Also present were Claudia Carter, Isabel Alvarado, and Kacie Fritz

### Approval of Agenda

**#1: MOTION WAS MADE BY DENNIS PELUCCA AND SECONDED BY LEE JACKSON TO APPROVE THE AGENDA. MOTION CARRIED.**

**#2: MOTION WAS MADE BY LEE JACKSON AND SECONDED BY MIKE CARLISLE TO APPROVE DECEMBER 7, 2016 BOARD MEETING MINUTES. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

Elections

Claudia Carter reported that at the April 12, 2017 meeting the board decided to nominate Roy Motter, Bill Cruickshank, and Steve Windh as the nominating committee. District 3 is up for election and Erik Freese is up for re-election, district 5 is vacant, District 8 Kirk Elholm is up for re-election and is terming out this year for his position. Bill Cruickshank commented that Jim Parsons is interested in becoming a member of district 8 since he farms in that district and Elholm could run for Alternate position. Carter mentioned that we have a referendum this coming year.

Handler Audit

Carter explained that every year there must be a revision on the handler audit policy and have a recommendation on how many audits, if any for the next fiscal year. Cruickshank reported that there was a recommendation to conduct two audits for FY 17/18 with no criteria.

**#3: MOTION WAS MADE BY LEE JACKSON AND SECONDED BY RON RUBIN TO APPROVE TWO AUDITS FOR FY 17/18 WITH NO CRITERIA. MOTION CARRIED UNANIMOUSLY WITH ONE ABSTENDION BY JW COPE.**

Carter gave a summary of the steps that the commission takes each month to send out assessment reports to our handlers. Carter also explained how assessments are collected. Carter also reported that the board recommended that the handler is given enough time to pay assessments due when a handler audit is conducted and results in finding, to give the handler 30 days to pay assessment dues before any penalties and interest are added.

**#4: MOTION WAS MADE BY MIKE CARLISLE AND SECONDED BY LEE JACKSON TO APPROVE TO UPON RECEIVING CDFA NOTIFICATION OF THE COMPLETION OF A HANDLER AUDIT WITH FINDING OF PAST DUE ASSESSMENTS DUE TO THE COMMISSION; THE CALIFORNIA WHEAT COMMISSIO IS REPONSIBLE TO SEND A NOTIFICATION TO THE HANDLER. THE NOTIFICATION REQUESTS THE HANDLER A PAYMENT IN FULL WITHIN THIRTY-CALENDAR DAYS; OR A LATE PENALTY FEE AND INTEREST CHARGES WILL INCUR. ACCORDING TO OUR LAW: "ANY PRODUCER OR HANDLER WHO FAILS TO FILE A RETURN OR PAY ANY ASSESSMENT WHITHIN THE TIME REQUIRED BY THE COMMISSION SHALL PAY TO THE COMMISSION A PENALTY OF 10 PERCENT OF THE AMOUNT OF SUCH ASSESSMENT DETERMIND TO BE DUE AND IN ADDITION 1.5 PERCENT INTEREST PER MONTH ON THE UNPAID BALANCE. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

Carter added that to be fair and how it was recommended by the board on April 12, 2017 meeting that the handler who had finding on February 2016 and currently there is a small claims court case against him to be dismissed. There is currently a claim against him for \$5,000.00. Carter informed that this handler has paid the assessments past due and in addition has paid late fee charges. Isabel reported that the handler owed \$10,073.00 in past due assessments. This handler paid the commission \$15,730.00. If we reimburse this handler for interest and penalties fees we would reimburse \$5,657.00. Carter asked for a motion to dismiss the case against this handler. Chris Spurlock asked how much funds have been spent on this case, such as attorney fees, staff hours, CDFA audit costs, etc. Carter replied yes there were some expenses regarding this case.

**#5: MOTION WAS MADE BY JW COPE AND SECONDED BY LEE JACKSON TO STOP FURTHER COLLECTION EFFORTS AGAINST THIS HANDLER AND TO NOTIFY THE HANDLER THAT NO FURTHER ACTION WILL BE TAKEN AND SMALL CLAIMS CASE WILL BE DISMISSED. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

Confirmation of Outside Auditor

**#6: MOTION WAS MADE BY RON RUBIN AND SECONDED BY CHRIS SPURLOCK TO KEEP EXISTING AUDITORS DAMORE HABRIC AND SCHNEIDER INC. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

Desert Durum Certification Mark

Carter explained the requirements of the certification mark. She explained that any handler who would like to use the certification mark, will have to submit their request in writing to the commission. The commission will review all requests at the next scheduled board meeting. There must be a motion to approve the certification mark and a second motion to allow these handlers to use the certification mark.

**#7: MOTION WAS MADE BY BILL CRUICKSHANK AND SECONDED BY MIKE CARLISLE TO APPROVE THE LICENSE AGREEMENT FOR USE OF DESERT DURUM DESIGNATION. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

**#8: MOTION WAS MADE BY BILL CRUICKSHANK AND SECONDED BY MIKE CARLISLE TO APPROVE EL TORO EXPORT, LLC., WESTERN MILLING LLC., AND PENNY NEWMAN GRAIN TO ALLOW THEM TO USE THE CERTIFICATION MARK DESERT DURUM. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

16/17 Financial Reports

Carter gave an update on 16/17 budget. Carter reported total income of \$837,854.00, total expenses \$759,682.00, and net income of \$78,172.00 as of 3/31/17. Carter also reported that her projected year end income is \$1,248. Alvarado reported on the Cash Flow Statement. Alvarado reported net cash increase of \$68,511.95 and as of 3/31/17 total cash and bank accounts \$890,139.74.

17/18 Budget Proposal

Ron Rubin reported that in the past the commission has never paid an overhead fee on research funding to UC breeding program and UC testing. Rubin reported that the research committee recommended that the commission make a commitment for a two-year agreement to avoid overhead fees for the next two years.

Assessments Projections

Carter informed the board that Alvarado worked very hard on variety survey this year which helped in projecting assessment collections for FY 17/18. Carter presented three different scenarios, scenario 1 is based on VS results and scenario 2 and 3 are based on USDA numbers. Carter averaged the three scenarios and came up with a proposed \$700,000 assessment collection. Carter also reported that Lab analysis budgeted income has increased due to a private customer bringing in an extra \$50,000 to the lab. Next Carter explained on proposed salary for office, Market development and outreach, salaries for laboratory.

**#9: MOTION WAS MADE BY RON RUBIN AND SECONDED BY BILL CRUICKSHANK TO APPROVE TO KEEP THE ASSESSMENT RATE AT \$0.075 CWT FOR FY 17/18. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

Closed session

Return from closed session

**#10: MOTION WAS MADE BY RON RUBIN AND SECONDED BY DENNIS PELUCCA TO APPROVE BUDGET AS SUBMITTED FOR FY 17/18. MOTION CARRIED UNANIMOUSLY WITH NO ABSTENSION.**

**#11: MOTION WAS MADE BY BILL CRUICKSHANK AND SECONDED BY DENNIS PELUCCA TO ADJOURN THE MEETING. MOTION CARRIED**

Meeting adjourned at 12:00 PM

Respectfully submitted,

\_\_\_\_\_  
Isabel Alvarado, Operations Manager

Accepted by the Commission on \_\_\_\_\_, 2017

\_\_\_\_\_  
Steven Windh, Chairman



**Accepted by the Commission**

**on \_\_\_\_\_**

**CALIFORNIA WHEAT COMMISSION  
Executive Committee**

## **MINUTES OF April 4, 2017**

### OPENING BUSINESS

#### Call to Order

The meeting of the Executive Committee of the California Wheat Commission was held on Tuesday, April 4, 2017. Committee Chairman Steve Windh called the meeting to order at 3:10 pm.

#### Roll Call

Roll Call was conducted. Committee members present were:

Steve Windh, Chairman  
Bill Cruickshank

Also present were Claudia Carter, Isabel Alvarado, and Dennis Manderfield

#### Approval of Agenda

**#1: MOTION WAS MADE BY BILL CRUICKSHANK AND SECONDED BY STEVE WINDH TO APPROVE THE AGENDA. MOTION CARRIED.**

#### Approval of Minutes

**#2: MOTION WAS MADE BY STEVE WINDH AND SECONDED BY BILL CRUICKSHANK TO APPROVE DECEMBER 2, 2016 MEETING MINUTES. MOTION CARRIED**

#### Financials

Claudia Carter briefly reported that CWC exceeded assessment collections budgeted amount which is good. Also talked about Lab analysis has significantly increased with new clients. Also mentioned that salary fluctuated due to staff change during FY 16/17. Carter also explained why office expense account is over due to gas and electric bill rising due to increases in Woodland, CA. Steve Windh recognized Carter and the team for a respectable job handling expenses. Isabel Alvarado then went over the Cash flow statement as of 3/31/17. Alvarado reported net income of

\$75,617.02, net cash increase of \$68,511.95, and total cash and bank accounts \$890,139.74. Bill Cruickshank requested that we include an estimated year end for future budget updates. Carter then presented proposed budget for FY 17/18. Windh asked if there was a breakdown for the category of CDFA account which Carter proposed \$19,000 for FY 17/18. Windh also asked Dennis Manderfield if he could explain what CDFA does on behalf of the California Wheat Commission. Manderfield explained that the Commissions law state that CDFA shall oversee the operations and provide oversight to the commission. To assure that we are complying with our law and our operations are transparent and accountable to our stakeholders. CDFA has to attend all meetings to assure that this is happening. Manderfield keeps track of hours he spends on Wheat Commission business. Dennis also added that the commissions statue requires that CDFA conquer in the annual budget and for the upcoming year it requires that CDFA conduct a continuation referendum (every five years). Cruickshank asked Manderfield to explain what is a continuation referendum. Manderfield explained that its required every five years to determine if wheat producers want to keep funding the program. Manderfield also added that due to the CEO turnover last year CDFA's involvement was more than what it would have been if the former executive director would have stayed on board.

Carter went over the three FY 17/18 assessment projections scenarios that were done with the help of the wheat variety survey results. Carter presented three scenarios using wheat variety numbers and USDA numbers. Scenario 1 has a collection assessment of \$621,513, Scenario 2 \$696,128, and Scenario 3 \$635,749. Carter then averaged all three scenarios and came up with a \$700,000 collection assessment projection for FY 17/18. Carter also went over lab analysis revenue which is budgeted at \$85,000 due to customer bringing in \$50,000 in revenue to the lab. Carter also talked about increase in office expense account due to proposed carpet replacement and referendum. When reviewing professional services account, Windh commented that annual audit fee seemed high and requested that we ask for quotes from other accounting firms. Carter lastly talked about her Market development travel and explained that she is not doing much international travel, that she is focusing on domestic market. Carter then moved on to the laboratory expenses and reviewed all laboratory accounts.

#### Desert Durum Certification Mark

Carter went over the requirements required to use the Desert Durum certification mark. Carter stated that "The certification mark as used or intended to be used by persons authorized by the certifier, certifies or is intended to certify that the good provided are at least 90% wheat grain produced under irrigation in the desert valleys and lowland of Arizona or California". Al Simons and Carter have been working on the regulations. This does not just apply to Imperial Valley growers but also anyone growing in lowlands and desert valley. Based on the requirements, the commission cannot deny any request if the growers fulfill all the requirements. Entities who want to use the certification mark must submit their request in writing. The requests will be reviewed by the California Wheat Commission board for approval.

#### 2017 Elections

Isabel Alvarado reported that districts 3, 5, and 8 are up for elections in June 2017. Carter also mentioned that for the referendum we do the same process as when we conduct the California wheat commission elections.

#### CWC and California Grain Foundation Administrative Agreement

California wheat commission offers administration services to the Grain Foundation, such as managing their financials. Carter also mentioned that last time that the CGF board met they discussed about conducting an audit for the California Grain Foundation. Carter also reported that

the CGF discussed about raising the \$100 administration fee. No decisions were made at that time.

Handler Audit

Carter suggested that we can keep the assessment collection procedures and recommendations the same. Carter also mentioned that the board should discuss how many audits should be conducted for FY 17/18. Windh also discussed how we should handle handler audits and their findings. What steps should be taken when a handler has findings and how do we proceed to collect past due assessments. Windh thinks the commission should rethink how the commission should add penalties and interest. There was a discussion on when the commission should add penalties and interest to past due assessments. Windh suggested that if there are findings that the commission give the handler a grace period to pay past due assessments. Manderfield commented if the commission goes this route there will be no incentive to pay their assessments on time. Cruickshank suggested that if a handler owes past due assessments a notice is sent with x amount of days to pay. If the handler does not pay in the amount of time then a penalty will be added. The executive committee decided to present to the board their recommendation on past due assessment collection procedures.

**#3: MOTION WAS MADE BY STEVE WINDH AND SECONDED BY BILL CRUICKSHANK TO ADJOURN THE MEETING. MOTION CARRIED.**

Meeting adjourned at 4:47PM

Respectfully submitted,

Isabel Alvarado, Operations Manager

Accepted by the Commission on \_\_\_\_\_, 2017

\_\_\_\_\_  
Steven Windh, Chairman





**California Wheat Commission  
2017 Board of Directors Election  
Final Tally  
Voting Period: July 21, 2017 – August 11, 2017**

<b>DISTRICT 3</b>	
<b>Commissioner Nominees</b>	<b>Votes</b>
Mark Eperson*	4
Eric Freese*	1
Mark Mezger*	1
<b>Alternate Nominees</b>	<b>Votes</b>
Dan Mezger*	1

\*denotes write-in candidate

<b>DISTRICT 5</b>	
<b>Commissioner Nominee</b>	<b>Votes</b>
Nathanael Siemens	4

<b>DISTRICT 8</b>	
<b>Commissioner Nominees</b>	<b>Votes</b>
Jim Parsons	27
Andy Domenigoni*	1
Michael Brancato*	1
<b>Alternate Nominees</b>	<b>Votes</b>
David Mettler*	2

\*denotes write-in candidate

  
\_\_\_\_\_  
David Hillis  
CDFA Marketing Branch

**August 18, 2017**  
\_\_\_\_\_  
Date

California Wheat Commission				
Board Members and Term Dates				
District	Counties Included	Commissioner	Alternate	Current Term Expires
1	Del Norte, Humboldt, Lassen, Modoc, Plumas, Shasta, Sierra, Siskiyou, Trinity	Walker (2024)	Crawford (2024)	2018
2	Butte, Colusa, Glenn, Lake, Marin, Mendocino, Napa, Sonoma, Sutter, Tehama, Yolo, Yuba	Cruickshank (2025)	Hunn (2025)	2019
3	Amador, El Dorado, Placer, Nevada, Sacramento, Solano			2020
4	Alameda, Alpine, Calaveras, Contra Costa, Madera, Mariposa, Merced, Mono, San Joaquin, Stanislaus, Tuolumne	Pelucca (2027)	Scoto (2023)	2018
5	Monterey, San Benito, San Francisco San Luis Obispo, San Mateo, Santa Barbara, Santa Cruz, Santa Clara, Ventura	Siemens(2029)		2020
6	Fresno	Schmidt (2025)		2019
7	Inyo, Kings, Tulare	Carlisle (2027)	Parsons (2027)	2018
8	Kern, Los Angeles, Riverside, San Bernardino	Jim Parsons (2029)		2020
9	Imperial, Orange, San Diego	Rubin (2028)	Motter (2028)	2019
Handler 1	Elected statewide by all handlers.	Spurlock (2028)	Mezger (2028)	2019
Handler 2		Cope (2028)	Edgar (2028)	2019
At-Large Member	Recommended by CWC; appointed by CDFA.	Jackson (2022)		3/1/2019
Public Member	Recommended by CWC; appointed by CDFA.	Windh (2018)	Sidles (2024)	8/30/2018

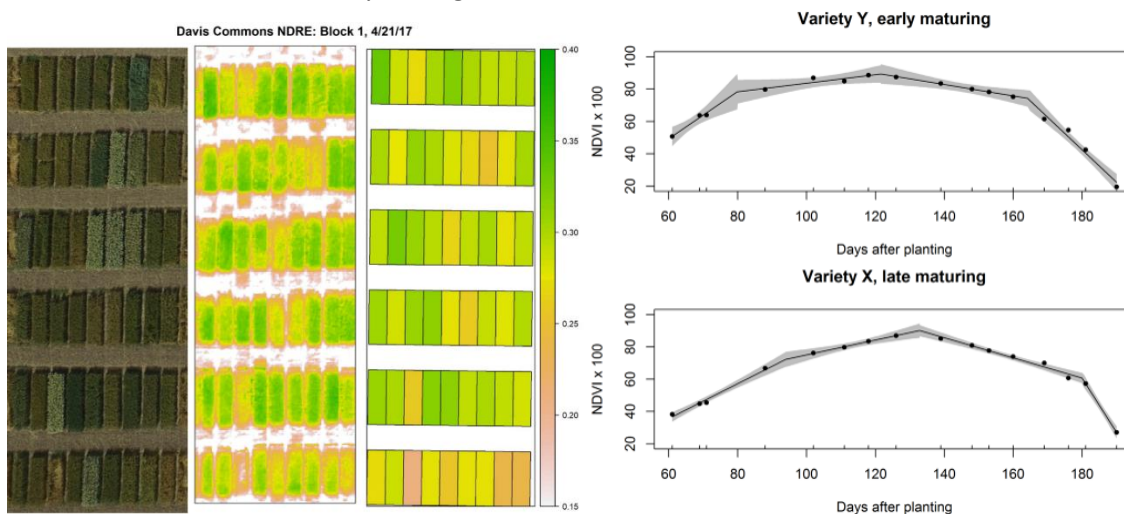
Terms of each office are limited to four full 3-year terms. Year in parentheses is the year the board member will be termed out in their current position.

### Statewide Variety Testing Program Update

- 2016-17 trials
  - Preliminary yield results for fall-planted trials were available online 8/4/17: [http://smallgrains.ucanr.edu/Variety/Preliminary\\_2017\\_Yield\\_Results/](http://smallgrains.ucanr.edu/Variety/Preliminary_2017_Yield_Results/)
  - Final yield results with protein, agronomic traits and disease observations will be available by 9/18/17 at <http://smallgrains.ucanr.edu/Variety/>.
    - Results will be available via a new interactive webtool as well as in tables similar to the 2016 and preliminary results.
    - Final results will emphasize reporting and variety comparisons across multiple years and, where appropriate, multiple locations.
      - Results for individual site-years will still be available
    - Results include low-nitrogen availability trials in Davis and Fresno and low-water availability (terminal drought) trial in Fresno for common wheat entries
      - 2016-17 was first of multi-year effort to implement management gradients into trial in order to more explicitly separate environmental effects from management effects
    - CWC lab is performing in-depth quality analysis on common wheat for all regional trial locations (versus the historical 2 locations)
    - 2017-18 call for entries will coincide with release of finalized 2016-17 results.
  - Winter wheat trials from Intermountain region have been recently harvested and results will be available along with other fall-planted trial results.
  - Spring-planted trials from Tulelake will be harvested in the next month

### Agronomic Studies Update

- Increased in-season measurement within statewide variety trial
  - Drone/proximal sensing data from 2016-17 trial is still being processed and analyzed.
    - Expansion of proximal sensing measurements within the trial will enable more quantitative approach to characterizing variety-specific maturity and GxExM interactions. Example of current workflow that will eventually become part of variety testing results:



**Figure 1.** Demonstrates workflow from imagery to data and depicts the value of periodic reflectance measurements for quantifying/characterizing relative growth patterns of small grains as a function of time.

- Work is ongoing to extend the in-season N management research conducted over recent seasons to grower fields.
  - Summaries of research can be found here:
    - <http://ucanr.edu/blogs/blogcore/postdetail.cfm?postnum=23096>
    - <http://ucanr.edu/blogs/blogcore/postdetail.cfm?postnum=23610>
  - We are promoting the use of N-rich strips to enable more precise in-season topdress applications and looking for interested cooperators. See blog post here:
    - <http://ucanr.edu/blogs/blogcore/postdetail.cfm?postnum=24989>
- Progress continues on efforts to integrate site-specific weather and environmental variables across entire state on fine-scale spatial and temporal resolution.
  - Calibration of APSIM and other crop models is underway based on data collected in 2016-17 season. Will need to collect and analyze at least 1 more year of data.
    - Goal is to enable site-specific, real-time extension information for management decision such as in-season N topdress or irrigation timing that are informed by interaction with site-specific, real-time data
- Collected data during 2016-17 season on the potential for dual purpose wheat and its relative value as compared to either forage-only or grain-only crops and as drought risk strategy.
  - Data analysis/summary underway

**2017 Small Grain Survey results available online 7/17/2017:**

<http://ucanr.edu/blogs/blogcore/postdetail.cfm?postnum=24680>

- Understanding value of/support for small grain forage research was one objective of the survey
  - While there is clear interest in more forage-specific grains research (74% of growers surveyed), meager support for pursuing voluntary assessment/contribution of \$2/acre for research specifically related to small grain forages (17% of growers surveyed).
  - In cooperation with J. Dubcovsky recently applied to Federal (NIFA) AFRI CARE program for research using drones and other proximal sensing devices to accelerate triticale breeding and enhance information related to small grain forages within existing trial structure. Application pending.

**Update on prospects for UC overhead on commodity funding and UC REC center fee changes**

- Overhead on CWC and other commodity funded research
  - No overhead will be charged on 2017-2018 funding
  - Feedback/pushback from California Wheat Commission and others in the industry was important to UC's decision to delay.
    - Overhead charges are not off the table, just delayed. We may need to revisit sometime in the coming year.
- Increasing rates at UC Research and Extension Centers (RECs)
  - Initial plan to increase rates somewhere between 200% and 400% over coming 5 years was met with strong internal resistance.
  - No recent official updates, but the plan appears to be proceeding in some fashion. Details and timeline have not been communicated, but there may be exceptions created for long-standing research such as our statewide testing program.
  - External stakeholder input/objections (eg. from CWC, county supervisors, individual growers) may be valuable/necessary once there are specific plans communicated.

**Hoping to see some of you at the October 25<sup>th</sup> California Wheat Collaborator Meeting!**



From: Claudia Carter, Executive Director  
To: California Wheat Commission Board  
Date: Wednesday, August 30, 2017

Report of Activities from May 1<sup>st</sup> – August 30<sup>th</sup>

Primary focus:

- Meetings with Wheat Handlers from across the State.
- Learning about our Wheat Research Program at UC Davis.
- Attending to California wheat Field days – UC Davis and other privately held field day.

Meetings and Conferences:

- AACCI Milling and Baking Spring Conference – Key Milling Industry Reps.
- CA Grain and Feed Conference –Handlers and Wheat Buyers.
- Tortilla industry Association Meeting – End Users of Flour, some CA wheat.
- US Wheat World Staff Meeting – First time attending this event.
- International Food Technology – First time attending – biggest food conference.

Trade Team and Other Activities to promote California Wheat:

- Chilean Trade Team
- During my week in Ecuador (for vacation) I visited two Pasta Manufacturers and one Mill.
- Pasta Manufacturer Visit to California and Arizona.

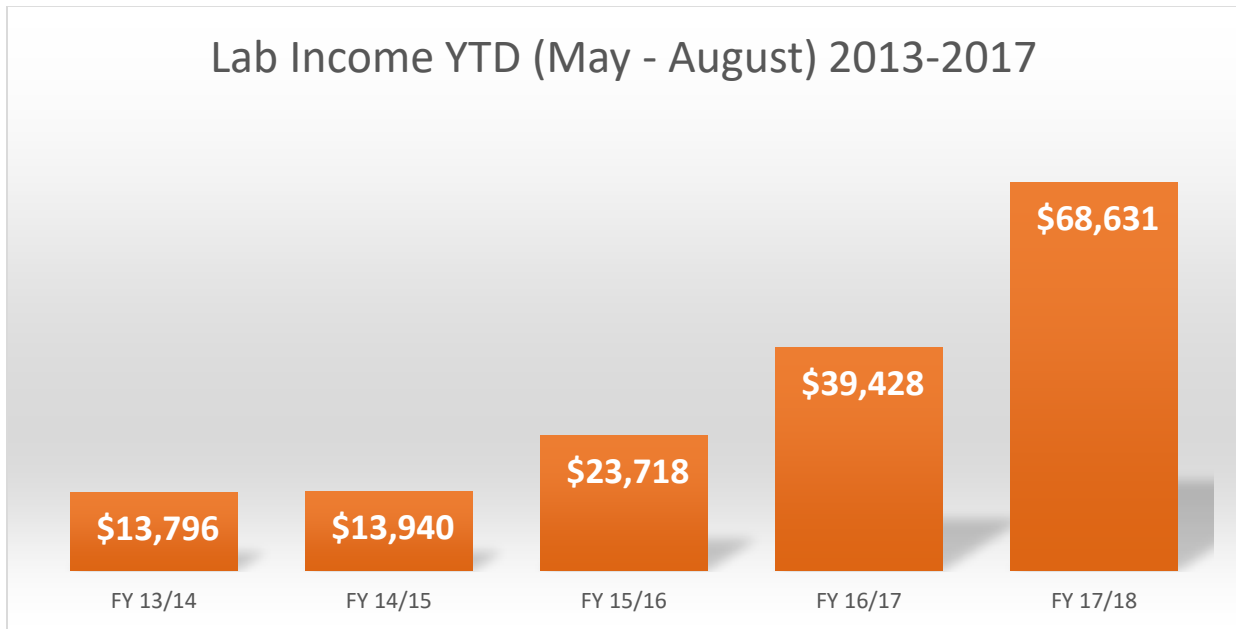
Primary focus for the following months September - December:

- Meetings with California Mills representatives – either in California or at their headquarters. Mainly with their wheat buyers.
- Meetings with the Quality representatives from the Mills.
- Collaborator Meeting – October 25<sup>th</sup>, 2017.

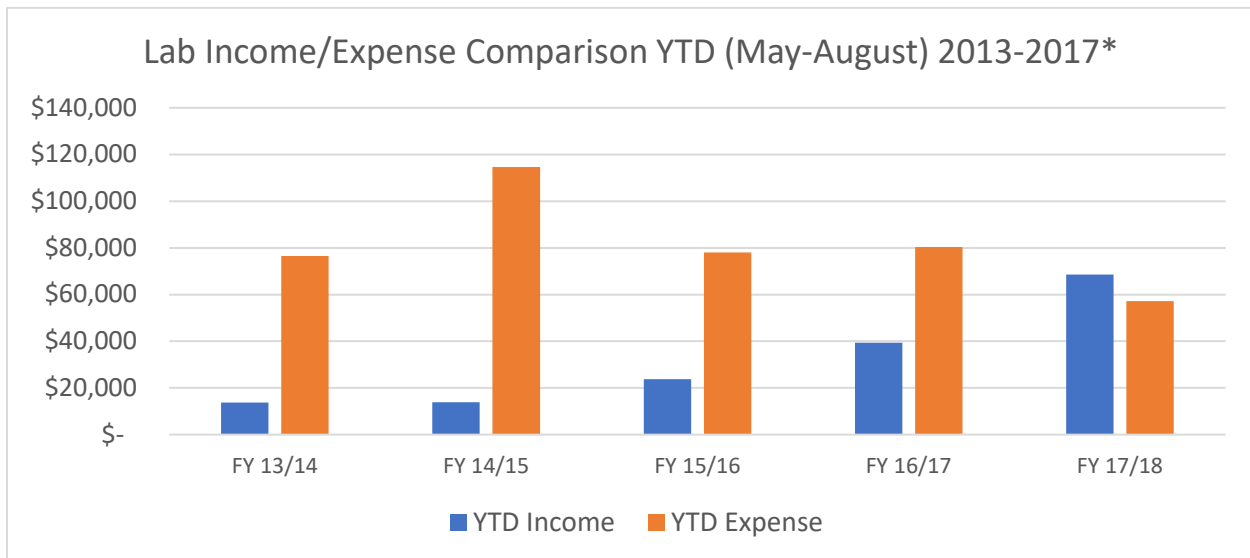


Report of the CWC Quality Lab

Graph 1. Income report comparison for the last five years YTD May – August 2013-2017.



Graph 2. Income and Expense Comparison for the last five years YTD May – August 2013-2017.



\*Includes Lab A: Salaries and Lab B: Operating Expenses



To: California Wheat Commission  
From: TENG VANG  
DATE: August 30, 2017  
SUBJECT: LAB MANAGER REPORT

- Personnel from Miller Milling attended a 3 days durum wheat training course at the CWC lab
- Crop quality harvest sample collection pick in June from different handlers in California and expanding sample collection pick up to an additional 2 handler locations.
- Train UC student interns to help process crop quality samples, Jorge's breeding samples, and Mark's regional trial plots samples
- Expanding wheat and flour quality testing for all regional trial locations instead of just Davis and Fresno for common wheat and durum wheat. There is a total of 9 sites per common wheat and durum wheat
- Participation in a AACCI pasta collaborator research project
- Analyzed and organized flour samples for the annual 2017 collaborator meeting in Davis on October 25, 2017
- In the next couple of weeks, I will be analyzing data and will be working on the crop quality report and U.S. wheat crop quality report



To: California Wheat Commission  
From: ISABEL RIVERA  
DATE: AUGUST 30, 2017  
SUBJECT: OPERATIONS MANAGER

#### **HANDLER AUDITS**

- Litigation case has been dropped against handler who owed late fees and penalties.
- 2 random handler audits were conducted for FY 16/17. We had finding on one handler for the amount of \$3,214.06. No interest or late fees were added due to handler paying on time and new assessment collection precedures.
- We will be conduction two random handler audits for FY 17/18.

#### **FY 16/17 AUDIT**

- Damore, Hamric, & Schneider, Inc., spent the week of June 19-23 at the Commission office conduction the annual audit.

#### **CA WHEAT EXPORTS**

- Gathered data from USDA for Marketing year 16/17 (June - May) to create our California Wheat Exports summary sheet.

#### **CERTIFIED SEED GUIDE**

- Currently working with Breeders, Seed dealers, and distributors to update our certified Seed guide and Wheat Seed Dealers and Distributors Directory on our website.

#### **BUILDING**

- Woodland Commerce Park Condominium Association roof coating.
- Office carpet stretching - \$1,500 – \$2,000
- Lab A/C unit

#### **Upcoming Meeting:**

CropLife America Annual Meeting 2017 – September 22-24



**CALIFORNIA WHEAT COMMISSION  
FY 16/17 Income / Expense FINAL REPORT**

	FY 2016/17 BUDGET 9/7/2016 \$.075/cwt	FY 2016/17 ACTUAL (as of 04/30/17) \$.075/cwt	% of Budget
<b>INCOME:</b>			
401. ASSESSMENTS	\$600,000	\$765,850	128%
402. INTEREST	\$4,000	\$4,063	102%
403. OTHER INCOME	\$100	\$5,106	5106%
407. LABORATORY			
CROP QUALITY	\$10,000	\$6,635	66%
LABORATORY ANALYSIS (+Training)	\$70,000	\$90,017	129%
405. REFUNDS	(\$7,000)	\$0	0%
<b>TOTAL INCOME</b>	<b>\$677,100</b>	<b>\$871,671</b>	<b>129%</b>
<b>EXPENSES:</b>			
<b>GENERAL &amp; ADMINISTRATIVE</b>			
501. SALARIES	\$203,490	\$192,299	95%
502. STAFF EXPENSE	\$6,000	\$2,772	46%
503. OFFICE EXPENSE	\$10,000	\$8,104	81%
504. OFFICE SERVICES	\$8,500	\$8,691	102%
506. INSURANCE	\$15,800	\$12,315	78%
508. PROFESSIONAL SERVICES	\$27,500	\$18,012	65%
509. CDFA	\$16,000	\$17,803	111%
513. COMM MTGS	\$6,182	\$4,847	78%
516. CONDOMINIUM FEES	\$4,100	\$4,047	99%
<b>TOTAL G&amp;A EXPENSES</b>	<b>\$297,572</b>	<b>\$268,888</b>	<b>90%</b>
<b>RESEARCH</b>			
601. RESEARCH CONTRACTS	\$310,000	\$284,275	92%

**CALIFORNIA WHEAT COMMISSION**  
**FY 16/17 Income / Expense FINAL REPORT**

	FY 2016/17 BUDGET 9/7/2016 \$.075/cwt	FY 2016/17 ACTUAL (as of 04/30/17) \$.075/cwt	% of Budget
<b>MARKET DEVELOPMENT/OUTREACH</b>			
505. INFORMATION/MEMBERSHIP	\$3,600	\$3,614	100%
510. CAWG CONTRACT	\$18,000	\$18,000	100%
512. COMM EXPENSE	\$8,000	\$6,570	82%
600. TECHNICAL SERVICES	\$5,000	\$3,269	65%
602. PUBLICATIONS	\$1,000	\$700	70%
603. TRADE TEAMS	\$2,000	\$815	41%
604. MARKET DEVELOPMENT	\$15,000	\$13,009	87%
605. USWA	\$24,950	\$25,638	103%
621. WHEAT VARIETY SURVEY	\$4,000	\$3,936	98%
624. OUTREACH	\$15,000	\$13,889	93%
<b>TOTAL MARKET DEVELOPMENT</b>	<b>\$96,550</b>	<b>\$89,440</b>	<b>93%</b>
<b>LABORATORY</b>			
617. LABORATORY			
SALARIES	\$135,638	\$143,027	105%
OPERATING EXPENSE	\$51,100	\$33,286	65%
<b>TOTAL LAB</b>	<b>\$186,738</b>	<b>\$176,314</b>	<b>94%</b>
<b>OTHER</b>			
626. CAPITAL EXPENSE			
OFFICE	\$1,000	\$0	0%
LABORATORY	\$2,500	\$0	0%
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$3,500</b>	<b>\$0</b>	<b>0%</b>
521. Building Maintenance		\$547	
526. Reimbursed Expenses		(\$473)	
529. Bad Debt		\$5,361	
524. Depreciation Expenses		\$15,873	
<b>TOTAL EXPENSES</b>	<b>\$894,360</b>	<b>\$840,225</b>	<b>94%</b>
<b>NET INCOME</b>	<b>(\$217,260)</b>	<b>\$31,447</b>	

Adjustments to reconcile Net Income

Net Cash by Operating Activities	\$35,870
Net Cash by Investing Activities	\$9,231
Net Cash Increase for Period	\$45,101

**Changes In Net position:**

Net Position, Beginning of Year	\$821,628	\$821,628
Net Position, End of Year	\$604,368	\$866,729

**CALIFORNIA WHEAT COMMISSION - FY 17/18 INCOME/EXPENSE as of 08/15/17**

	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>FY 2017/18</b>	
	<b>100% of FY</b>	<b>APPROVED</b>	<b>30% of FY</b>	<b>% of</b>
	<b>\$.075/cwt</b>	<i>4/24/2017</i> <b>\$.075/cwt</b>	<i>(as of 08/15/17)</i> <b>\$.075/cwt</b>	<b>Budget</b>
<b>INCOME:</b>				
401. ASSESSMENTS	\$765,850	\$700,000	\$401,741	57%
402. INTEREST	\$4,063	\$4,000	\$644	16%
403. OTHER INCOME	\$5,106	\$100	\$0	0%
407. LABORATORY				
CROP QUALITY	\$6,635	\$8,000	\$0	0%
LABORATORY ANALYSIS (+Training)	\$90,017	\$135,000	\$62,841	47%
405. REFUNDS	\$0	(\$3,500)	(\$11,060)	316%
<b>TOTAL INCOME</b>	<b>\$871,671</b>	<b>\$843,600</b>	<b>\$454,166</b>	<b>54%</b>
<b>EXPENSES:</b>				
<b>GENERAL &amp; ADMINISTRATIVE</b>				
501. SALARIES	\$192,299	\$238,398	\$67,598	28%
502. STAFF EXPENSE	\$2,772	\$2,000	\$778	39%
503. OFFICE EXPENSE	\$8,104	\$17,100	\$2,519	15%
504. OFFICE SERVICES	\$8,691	\$10,700	\$4,177	39%
506. INSURANCE	\$12,315	\$16,520	\$9,351	57%
508. PROFESSIONAL SERVICES	\$18,012	\$19,000	\$2,175	11%
509. CDFA	\$17,803	\$19,000	\$4,805	25%
513. COMM MTGS	\$4,847	\$6,182	\$398	6%
516. CONDOMINIUM FEES	\$4,047	\$4,100	\$1,686	41%
<b>TOTAL G&amp;A EXPENSES</b>	<b>\$268,888</b>	<b>\$333,000</b>	<b>\$93,486</b>	<b>28%</b>
<b>RESEARCH</b>				
601. RESEARCH CONTRACTS	\$284,275	\$330,000	\$190,833	58%

**CALIFORNIA WHEAT COMMISSION - FY 17/18 INCOME/EXPENSE as of 08/15/17**

	FY 2016/17 100% of FY \$.075/cwt	FY 2017/18 APPROVED 4/24/2017 \$.075/cwt	FY 2017/18 30% of FY (as of 08/15/17) \$.075/cwt	% of Budget
<b>MARKET DEVELOPMENT/OUTREACH</b>				
505. INFORMATION/MEMBERSHIP	\$3,614	\$3,550	\$1,602	45%
510. CAWG CONTRACT	\$18,000	\$20,000	\$6,667	33%
512. COMM EXPENSE	\$6,570	\$6,000	\$1,681	28%
600. TECHNICAL SERVICES	\$3,269	\$4,500	\$2,789	62%
602. PUBLICATIONS	\$700	\$1,500	\$0	0%
603. TRADE TEAMS	\$815	\$1,200	\$1,394	116%
604. MARKET DEVELOPMENT	\$13,009	\$10,000	\$264	3%
605. USWA	\$25,638	\$18,950	\$8,896	47%
621. WHEAT VARIETY SURVEY	\$3,936	\$4,000	\$0	0%
624. OUTREACH	\$13,889	\$10,000	\$3,286	33%
<b>TOTAL MARKET DEVELOPMENT</b>	<b>\$89,440</b>	<b>\$79,700</b>	<b>\$26,580</b>	<b>33%</b>
<b>LABORATORY</b>				
617. LABORATORY				
SALARIES	\$143,027	\$143,481	\$45,541	32%
OPERATING EXPENSE	\$33,286	\$38,500	\$11,715	30%
<b>TOTAL LAB</b>	<b>\$176,314</b>	<b>\$181,981</b>	<b>\$57,257</b>	<b>31%</b>
<b>OTHER</b>				
626. CAPITAL EXPENSE				
OFFICE	\$0	\$1,000		0%
LABORATORY	\$0	\$2,000		0%
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$0</b>	<b>0%</b>
521. Building Maintenance	\$547	\$547		
526. Reimbursed Expenses	(\$473)	(\$473)	\$873	
529. Bad Debt	\$5,361	\$5,361		
524. Depreciation Expenses	\$15,873	\$15,873		
<b>TOTAL EXPENSES</b>	<b>\$840,225</b>	<b>\$948,989</b>	<b>\$369,029</b>	
<b>NET INCOME</b>	<b>\$31,447</b>	<b>(\$105,389)</b>	<b>\$85,137</b>	

Adjustments to reconcile Net Income

Net Cash by Operating Activities	\$35,870
Net Cash by Investing Activities	\$9,231
Net Cash Increase for Period	\$45,101

**Changes In Net position:**

Net Position, Beginning of Year	\$821,628
Net Position, End of Year	\$866,729

**CALIFORNIA WHEAT COMMISSION - FY 17/18 BUDGET CHANGE PROPOSAL**

	<b>FY 2016/17</b>	<b>FY 2017/18</b>	<b>FY 2017/18</b>	<b>FY 2017/19</b>	<b>FY 2017/20</b>
	<b>100% of FY</b>	<b>APPROVED</b>	<b>30% of FY</b>	<b>BCP</b>	<b>PROPOSED</b>
	<b>\$.075/cwt</b>	<b>4/24/2017</b>	<b>(as of 08/15/17)</b>		
	<b>\$.075/cwt</b>	<b>\$.075/cwt</b>	<b>\$.075/cwt</b>		
<b>INCOME:</b>					
401. ASSESSMENTS	\$765,850	\$700,000	\$401,741		\$700,000
402. INTEREST	\$4,063	\$4,000	\$644		\$4,000
403. OTHER INCOME	\$5,106	\$100	\$0		\$100
407. LABORATORY					\$0
CROP QUALITY	\$6,635	\$8,000	\$0		\$8,000
LABORATORY ANALYSIS (+Training)	\$90,017	\$135,000	\$62,841		\$135,000
405. REFUNDS	\$0	(\$3,500)	(\$11,060)	(\$16,500)	(\$20,000)
<b>TOTAL INCOME</b>	<b>\$871,671</b>	<b>\$843,600</b>	<b>\$454,166</b>		<b>\$827,100</b>
<b>EXPENSES:</b>					
<b>GENERAL &amp; ADMINISTRATIVE</b>					
501. SALARIES	\$192,299	\$238,398	\$67,598		\$238,398
502. STAFF EXPENSE	\$2,772	\$2,000	\$778	\$1,000	\$3,000
503. OFFICE EXPENSE	\$8,104	\$17,100	\$2,519	(\$5,500)	\$11,600
504. OFFICE SERVICES	\$8,691	\$10,700	\$4,177		\$10,700
506. INSURANCE	\$12,315	\$16,520	\$9,351		\$16,520
508. PROFESSIONAL SERVICES	\$18,012	\$19,000	\$2,175		\$19,000
509. CDFA	\$17,803	\$19,000	\$4,805		\$19,000
513. COMM MTGS	\$4,847	\$6,182	\$398		\$6,182
516. CONDOMINIUM FEES	\$4,047	\$4,100	\$1,686		\$4,100
521. Building Maintenance	\$547	\$0	\$0	\$5,500	\$5,500
<b>TOTAL G&amp;A EXPENSES</b>	<b>\$269,435</b>	<b>\$333,000</b>	<b>\$93,486</b>	<b>\$1,000</b>	<b>\$334,000</b>
<b>RESEARCH</b>					
601. RESEARCH CONTRACTS	\$284,275	\$330,000	\$190,833		\$330,000

**CALIFORNIA WHEAT COMMISSION - FY 17/18 BUDGET CHANGE PROPOSAL**

	FY 2016/17 100% of FY \$.075/cwt	FY 2017/18 APPROVED 4/24/2017 \$.075/cwt	FY 2017/18 30% of FY (as of 08/15/17) \$.075/cwt	FY 2017/19 BCP	FY 2017/20 PROPOSED
<b>MARKET DEVELOPMENT/OUTREACH</b>					
505. INFORMATION/MEMBERSHIP	\$3,614	\$3,550	\$1,602		\$3,550
510. CAWG CONTRACT	\$18,000	\$20,000	\$6,667		\$20,000
512. COMM EXPENSE	\$6,570	\$6,000	\$1,681		\$6,000
600. TECHNICAL SERVICES	\$3,269	\$4,500	\$2,789		\$4,500
602. PUBLICATIONS	\$700	\$1,500	\$0		\$1,500
603. TRADE TEAMS	\$815	\$1,200	\$1,394	\$300	\$1,500
604. MARKET DEVELOPMENT	\$13,009	\$10,000	\$264		\$10,000
605. USWA	\$25,638	\$18,950	\$8,896		\$18,950
621. WHEAT VARIETY SURVEY	\$3,936	\$4,000	\$0		\$4,000
624. OUTREACH	\$13,889	\$10,000	\$3,286		\$10,000
<b>TOTAL MARKET DEVELOPMENT</b>	<b>\$89,440</b>	<b>\$79,700</b>	<b>\$26,580</b>		<b>\$80,000</b>
<b>LABORATORY</b>					
617. LABORATORY					
SALARIES	\$143,027	\$143,481	\$45,541		\$143,481
OPERATING EXPENSE	\$33,286	\$38,500	\$11,715		\$38,500
<b>TOTAL LAB</b>	<b>\$176,314</b>	<b>\$181,981</b>	<b>\$57,257</b>		<b>\$181,981</b>
<b>OTHER</b>					
626. CAPITAL EXPENSE					
OFFICE	\$0	\$1,000			\$1,000
LABORATORY	\$0	\$2,000			\$2,000
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$0</b>		<b>\$3,000</b>
526. Reimbursed Expenses	(\$473)		\$873		
529. Bad Debt	\$5,361				
524. Depreciation Expenses	\$15,873				
<b>TOTAL EXPENSES</b>	<b>\$840,225</b>	<b>\$927,681</b>	<b>\$369,029</b>		<b>\$928,981</b>
<b>NET INCOME</b>	<b>\$31,447</b>	<b>(\$84,081)</b>	<b>\$85,137</b>		<b>(\$101,881)</b>
Adjustments to reconcile Net Income					
Net Cash by Operating Activities	\$35,870				
Net Cash by Investing Activities	\$9,231				
Net Cash Increase for Period	\$45,101				
<b>Changes In Net position:</b>					
Net Position, Beginning of Year	\$821,628	\$866,729			\$866,729
Net Position, End of Year	\$866,729	\$782,648			\$764,848

# California Wheat Commission

## FY 2017/18 Budget Change Proposal Detail

**INCOME**

FY 17/18

**401: Assessments**

Projected assessment revenue is based on projected production of 466,667 tons and an assessment rate of \$1.5/ton (\$.075/cwt). This is maintaining the FY 17/18 assessment rate same as last year's rate. **\$ 700,000**

**402: Interest**

Interest from Savings accounts, Money Market Accounts and CDs. **\$4,000**  
*Lower reserves will mean lower interest.*

**403. Miscellaneous Income**

**\$100.00**

**407: Laboratory Income**

Crop quality - reimbursement from USW and AZ **\$8,000**  
 Lab analysis - services for commercial customers **\$130,000**  
 Other lab income - training **\$5,000**

*Lab services for Research for FY 16/17 (not billed) \$ 91,555*

**405: Refunds** (The commission has already received request for refunds) **-\$20,000**

History:

FY 17/18 (\$.075/cwt)* 0.5%	
FY 16/17 (\$.075/cwt) 0%	FY 06/07 (\$.04/cwt) 4.4%
FY 15/16 (\$.075/cwt) 0.3%	FY 05/06 (\$.04/cwt) 5.0%
FY 14/15 (\$.06/cwt) 0.9%	FY 04/05 (\$.04/cwt) 4.7%
FY 13/14 (\$.05/cwt) 2.7%	FY 03/04 (\$.04/cwt) 4.6%
FY 12/13 (\$.05/cwt) 3.6%	FY02/03 (\$.04/cwt) 5.8%
FY 11/12 (\$.05/cwt) 2.8%	FY01/02* (\$.04/cwt) 9.5%
FY 10/11 (\$.05/cwt) 5.3%	FY00/01 (\$.03/cwt) 5.1%
FY 09/10 (\$.05/cwt) 2.3%	FY99/00 (\$.03/cwt) 6.1%
FY 08/09 (\$.05/cwt) 4.3%	FY 98/99 (\$.03/cwt) 7.4%
FY 07/08 (\$.05/cwt) 3.9%	FY97/98 (\$.03/cwt) 7.0%

\*Projected refunds percent for FY 17/18.

**Total Income**

**\$ 827,100**

# California Wheat Commission

## FY 2017/18 Budget Change Proposal Detail

### EXPENSES

#### GENERAL & ADMINISTRATIVE

G&A expenses are largely fixed, absent and new staff changes.

#### **501. Salaries**

*This figure needs salary recommendations and revision by the Executive Committee.*

Claudia Carter Hired as Executive Director - June 2016 **\$238,398**

Isabel Alvarado Promoted as Operations Manager - May 2016

Crystal Sandoval Hired as Office Assistant - August 2016

**502. Staff Expenses** (+1,000 for Business Training) **\$3,000**

Additional staff training and associated travel exp.

**503. Office Expenses** **\$11,600**

Postage, commissioner elections, office supplies

Office Supplies \$3,000

Postage \$400

Printing \$100

Commissioner Elections, Increase postage for referendum. \$5,000

Non-Capitalized equipment \$1,000

Bank Fees \$600

Request for Carpet Replacement/ Office -5,500 **1,500**

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**504. Office Services** **\$10,700**

Office equipment maintenance, equipment rental and maintenance agreements, telephone, fax, janitorial and utilities, mail permits.

Mail Permits fees (Permits 51 and 81) \$500

Janitorial \$1,700

Rent/ Main Cont. (Postage machine, water, copier) \$3,000

Telephone/Fax/e-mail \$1,600

Utilities \$3,500

Other Expenses \$400

**521. Building Maintenance / Repairs** **5,500**

**506. Insurance** **\$16,520**

State Fund Estimate \$6,500

*Workers Compensation*

AIG Life Insurance Companies \$120

Business Travel Accident Insurance  
- covers Commissioners and staff

Travelers Insurance \$700

Fidelity Policy (Crime)

CNA \$4,050



# California Wheat Commission

## FY 2017/18 Budget Change Proposal Detail

Directors & Officers Liability

<u>Great American</u>	\$4,300
General Liability, Commercial Property and Hired Auto Liability	
Allowance for rate increases	\$850

**508. Professional Services \$19,000**

-Annual Audit & support -Damore, Hamric & Schneider, Inc.	\$10,500
-Computer Support	\$500
-Attorney: Update Procedures, Form 700 advice	\$4,500
<i>Other expenses including handler audits/proposing two audits</i>	\$2,500
-Desert Durum Service Mark	\$500
Website Improvements/Maintenance	\$500

**509. CDFA \$19,000**  
 CWC share of Marketing Department's overhead, time spent by our  
 CDFA economist and CDFA expenses related to elections.

*Proposed increase - Referendum year*  
**513. Commission Meetings \$6,182**

Three board meetings @ \$2060/meeting.

**516: Condominium Fees \$4,100**

Covers annual condo fees, paid quarterly. Includes Administration, Garbage, Insurance, Landscaping, Repairs, Taxes, Alarm Monitoring.

**SUBTOTAL FOR G&A**  
**\$334,000**

**RESEARCH**

**601. Research \$330,000**  
 This item is reported as the cash commitment to research.

*UC Breeding program is requesting \$195,000 and UC Testing is requesting \$135,000. This is \$20,000 more than last year support. Proposals will be reviewed by Research Comm on April 11th.*

**MARKET DEVELOPMENT/ OUTREACH**

**505. Memberships / Information \$3,550**

Memberships, subscriptions, technical books or special information. Includes on-line news services, export data collection.

Memberships:

California Farm Bureau, Tortilla Industry Association, CA Seed Assoc., California Grain & Feed Association, Bread Bakers Guild of America, IFT, AmazonPrime	\$2,000
Subscriptions (Milling&Baking Magazine, Carbonite, Microsoft Office)	\$450
Internet / Website Hosting	\$1,000
Other - California Chamber of Commerce, other related expenses	\$100

# California Wheat Commission

## FY 2017/18 Budget Change Proposal Detail

<b>510. CAWG Contract</b>		<b>\$20,000</b>
	Contracted services from the California Association of Wheat Growers.	
<b>512. Commissioner Expense</b>		<b>\$6,000</b>
	Travel expenses for Commissioners to attend USW and other meetings	
<b>600. Technical Services</b>		<b>\$4,500</b>
	Costs to run the various crop quality programs including sample pick up, Imperial expense to collect and grade samples, postage. Present program includes:	
	<ul style="list-style-type: none"> <li>• Durum - samples collected through Inspection stations.</li> <li>• HWW - HRW Crop Quality - Handler samples</li> <li>• UCCE Tulare will provide support</li> </ul>	
<b>602. Publications - all available online</b>		<b>\$1,500</b>
	Crop Quality reports for HRW, HWW & Desert Durum	\$1,000
	Certified Seed Guide	\$500
	<i>Note: Will print more Crop Quality Reports to distribute to industry: Handlers, growers, and millers.</i>	
<b>603. Trade Teams (+300)</b>		<b>\$1,500</b>
	<i>USW have sent information about a Chilean Trade Team visit to CA</i>	
<b>604. Market Development</b>		<b>\$10,000</b>
	Travel for two USW meetings - USW World Staff Conference (May '17) and Summer USW (July '17). Mainly meetings w/handlers and millers.	
	Travel related to other domestic market promotion projects.	
	<i>Note: Proposing to do more domestic market development, less to the export market</i>	
<b>605. US Wheat Associates</b>		<b>\$18,950</b>
	<i>Full membership is \$75,800. This represents 1/4 membership \$18,950 - CWC is Contributing Member at this level.</i>	

### History – US Wheat Membership (FY is July 1 - June 30)

2017 ¼ membership 18,950	2005 ½ membership 46,145
2016 ¼ membership 24,950	2004 ¼ membership 24,534
2015 ¼ membership 44,915	2003 ¼ membership 28,522
2014 Full membership 123,784	2002 ¼ membership 27,960
2013 Full membership 122,200 + 2,000	2001 ½ membership 55,221
2012 Full membership 124,100 + 2,000	2000 ¾ membership 86,927
2011 Full membership 104,500	1999 ¾ membership 89,123
2010 Full membership 93,700	1998 ¾ membership 87,140
2009 Full membership 84,700 + 5,000	1997 Full membership 107,240
2008 ¼ membership 22,250	1996 Full membership 109,819
2007 < ¼ membership 20,000	1995 Full membership 110,449
2006 ¼ membership 23,076	1994 Full membership 113,039

**California Wheat Commission  
FY 2017/18 Budget Change Proposal Detail**

**621. Wheat Variety Survey** **\$4,000**  
Maintaining paper survey

**624. Outreach** **\$10,000**  
Outreach to industry including Farm Bureau, CGFA, Field Days and conferences.  
Outreach to the Milling industry PNW, AACCI Spring and Annual Meetings, KS Quality  
Category also includes travel to events, hosting visitors,  
and small sponsorships.

**SUBTOTAL FOR MARKET DEVELOPMENT/OUTREACH** **\$80,000**

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**LABORATORY**

**617A: Salaries - Laboratory** **\$143,481**  
Teng Vang - Lab Manager  
Alejandra Andrade Hired as Lab Assistant - January 2017  
Four Summer Students

**617B: Operating Exp. - Laboratory** **\$38,500**

Staff Expense	\$	200
Equipment Main. (Outside Services and Routine Main. Parts)	\$	15,000
Maintenance (Janitorial)	\$	3,500
Postage	\$	300
Rental & Maintenance Agreements	\$	800
Subscriptions/ Memberships(AACCI, PNW)	\$	1,200
Supplies	\$	8,000
Non capital equipment and Misc.	\$	1,000
Utilities	\$	7,000
		\$ 37,000
<b>617E: LAB MANAGER</b>	<b>\$</b>	<b>1,500</b>

**SUBTOTAL FOR LABORATORY** **\$181,981**

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**OTHER**

**626. Capital Expense**

Office	\$1,000	<b>\$1,000</b>
Laboratory	\$2,000	<b>\$2,000</b>

**TOTAL EXPENSES** **\$928,981**

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**NET INCOME** **\$ (101,881)**

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**California Wheat Commission**  
**Cash Flow Statement**  
**5/1/2017 to 8/15/2017**

**NET INCOME/EXPENSE** \$ 85,137.17

Adjustments to reconcile Net Income  
to net cash provided:

**By Operations:**

Assessments Receivable	\$ (28,736.14)
Customer Invoices (receivables)	\$ 1,260.22
Prepaid Contracts	\$ 29,992.00
Prepaid Expenses	\$ 14,294.62
Accounts Payable	\$ (2,796.30)
Pension Payable	\$ (22,830.97)

**NET CASH INCREASE/DECREASE AS OF 08/15/2017** \$ 76,320.60

(Net Income +/- adjustments)

The Cash Flow Statement accounts for actual cash flows in and out of CWC. If income or an expenditure is not accounted for on the *current* FY Income/Expense report, then adjustments are made on the Cash Flow Statement to account for changes in cash position.

**BEGINNING CASH (as of 5/01/2017)**

Edward Jones CD	\$ 560,000.00
Edward Jones MM	\$ 1,295.06
RVCTY-MM	\$ 153,267.78
Tri Counties Bank MM	\$ 150,567.86
Tri Counties Bank Checking	\$ 1,598.00

**TOTAL OF BEGINNING CASH** \$866,728.70

**TOTAL CASH as of 08/15/2017** \$ 943,049.30

(Net cash provided by activities + beginning cash)

**CASH ON HAND (as of 08/15/2017)**

Edward Jones CD	\$ 560,000.00
Edward Jones MM	\$ 1,816.04
RVCTY-MM	\$ 153,325.74
Tri Counties Bank MM	\$ 222,185.95
Tri Counties Bank Checking	\$ 5,721.57

**TOTAL CASH AND BANK ACCOUNTS** \$943,049.30

**CALIFORNIA WHEAT COMMISSION  
ASSESSMENT HISTORY - -**

MONTH	03/04		04/05		05/06		06/07		07/08		08/09		9/10			
	\$.04/cwt		\$.04/cwt		\$.04/cwt		\$.04/cwt		\$.05/cwt		Accrual method begins. \$05/cwt		\$.05/cwt			
MAY	\$9,405	1.1%	\$11,213	1.7%	\$25,690	4.0%	\$8,287	1.9%	-\$22	0.0%	\$32,476	2.26%	\$60,504	5.58%		
JUNE	\$21,768	3.7%	\$21,707	5.1%	\$11,139	5.7%	\$14,993	5.3%	\$20,971	2.6%	\$299,935	23.13%	\$299,268	33.16%		
JULY	\$159,260	22.6%	\$127,742	24.7%	\$67,356	16.2%	\$80,837	23.7%	\$273,435	36.2%	\$568,415	62.68%	\$314,075	62.11%		
AUG	\$288,001	56.8%	\$204,633	56.2%	\$213,122	49.3%	\$166,341	61.6%	\$280,284	70.7%	\$255,674	80.48%	\$98,140	71.15%		
SEPT	\$108,602	69.7%	\$84,561	69.2%	\$110,628	66.5%	\$48,572	72.7%	\$111,799	84.5%	\$68,392	85.23%	\$44,579	75.26%		
OCT	\$76,341	78.8%	\$30,169	73.8%	\$62,192	76.2%	\$30,513	79.6%	\$36,152	88.9%	\$49,849	88.70%	\$48,796	79.76%		
NOV	\$37,612	83.2%	\$16,932	76.4%	\$39,147	82.3%	\$29,278	86.3%	\$15,830	90.9%	\$8,703	89.31%	\$32,616	82.76%		
DEC	\$19,309	85.5%	\$24,943	80.2%	\$17,023	84.9%	\$6,526	87.8%	\$17,617	93.0%	\$15,415	90.38%	\$23,696	84.95%		
JAN	\$33,284	89.5%	\$17,523	82.9%	\$21,413	88.2%	\$7,546	89.5%	\$7,824	94.0%	\$79,898	95.94%	\$55,468	90.06%		
FEB	\$43,740	94.7%	\$35,013	88.3%	\$42,218	94.8%	\$30,074	96.4%	\$28,070	97.5%	\$18,329	97.22%	\$16,593	91.59%		
MAR	\$19,766	97.0%	\$35,602	93.8%	\$20,914	98.0%	\$12,609	99.2%	\$13,032	99.1%	\$19,046	98.54%	\$13,824	92.86%		
APRIL	\$25,257	100.0%	\$40,382	100.0%	\$12,582	100.0%	\$3,297	100.0%	\$7,591	100.0%	\$20,959	100.00%	\$77,435	100.00%		
	\$842,346		\$650,420		\$643,424		\$438,874		\$812,582		\$1,437,091		\$1,084,994			
MONTH	10/11		11/12		12/13		13/14		14/15		15/16		16/17		17/18	
	\$.05/cwt		\$.05/cwt		\$.05/cwt		\$.05/cwt		\$.06/cwt		\$.075/cwt		\$.075/cwt		\$.075/cwt	
MAY	\$20,500	1.9%	\$38,542	3.2%	\$38,516	4.0%	\$20,560	2.4%	\$33,791	5.5%	\$23,259	2.7%	\$32,423	4.2%	\$31,495	4.5%
JUNE	\$211,343	21.0%	\$238,798	23.3%	\$305,086	35.3%	\$278,041	35.1%	\$191,432	36.4%	\$285,959	36.3%	\$168,660	26.2%	\$160,877	27.5%
JULY	\$474,756	64.1%	\$390,968	56.1%	\$360,093	72.3%	\$295,267	69.9%	\$190,406	67.1%	\$225,065	62.6%	\$162,565	47.5%	\$208,750	57.3%
AUG	\$189,184	81.2%	\$260,621	77.9%	\$61,845	78.7%	\$77,979	79.1%	\$30,260	72.0%	\$46,090	68.1%	\$94,317	59.8%		57.3%
SEPT	\$53,064	86.0%	\$69,461	83.7%	\$34,928	82.3%	\$38,490	83.6%	\$42,346	78.9%	\$11,984	69.5%	\$32,530	64.0%		57.3%
OCT	\$40,035	89.7%	\$66,233	89.3%	\$41,025	86.5%	\$22,987	86.3%	\$23,521	82.7%	\$38,732	74.0%	\$54,644	71.1%		57.3%
NOV	\$12,452	90.8%	\$11,707	90.3%	\$11,460	87.7%	\$10,430	87.5%	\$16,127	85.3%	\$17,383	76.0%	\$36,902	75.9%		57.3%
DEC	\$15,162	92.2%	\$18,978	91.9%	\$24,267	90.2%	\$17,142	89.5%	\$24,746	89.3%	\$33,490	80.0%	\$55,146	83.1%		57.3%
JAN	\$53,357	97.0%	\$69,396	97.7%	\$59,915	96.3%	\$44,938	94.8%	\$39,228	95.6%	\$64,424	87.5%	\$67,341	91.9%		57.3%
FEB	\$11,365	98.0%	\$10,517	98.6%	\$14,735	97.8%	\$18,701	97.0%	\$7,046	96.7%	\$33,303	91.4%	\$36,462	96.7%		57.3%
MAR	\$3,774	98.4%	\$1,063	98.7%	\$6,652	98.5%	\$13,435	98.6%	\$6,150	97.7%	\$43,939	96.6%	\$12,302	98.3%		57.3%
APRIL	\$18,027	100.0%	\$15,892	100.0%	\$14,474	100.0%	\$11,897	100.0%	\$13,974	100.0%	\$29,232	100.0%	\$13,069	100.0%		57.3%
	\$1,103,021		\$1,192,175		\$972,994		\$849,864		\$619,028		\$852,860		\$ 766,361		<b>\$401,122</b> as of 8/28/17	
															<b>\$ 700,000</b> ← budget	

## CERTIFICATES OF DEPOSIT

MATURITY DATE	BANK	TERM	INTEREST RATE	VALUE
<b>EDWARD JONES</b>				
08/17/17	Bank of India	6 MO	0.80	\$ 205,000.00
09/15/17	Bank of China	6 MO	0.75	\$ 205,000.00
11/30/17	Bank of Baroda	6 MO	1.05	\$ 150,000.00
	(Interest paid at intervals into money market)			\$ 560,000.00

## MONEY MARKET ACCOUNTS

BANK	RATE	VALUE
Edward Jones MM	0.01	\$ 1,816.04
River City Bank MM	0.15	\$ 153,325.74
TriCounties Bank MM	0.18	\$ 222,185.95
		\$ 377,327.73

<b>TOTAL</b>	<b>\$937,327.73</b>
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Updated 8/15/17

<b>VACATION SUMMARY AS OF 8/15/17</b>					
Name	Hire Date	Yearly Vacation Rate (days)	Maximum Accrual Rate (Days)	Amount accrued as of 8/15/17 (days)	Vacation Liability as of 8/15/17
Teng Vang	02/12/07	15	30	26.96	\$ 6,532.95
Isabel Alvarado	01/01/13	15	30	7.32	\$ 1,478.05
Claudia Carter	6/15/2014	15	30	1.68	\$ 678.45
Crystal Sandoval	8/15/2016	10	20	8.17	\$ 980.40
Alejandra Andrade	1/3/2017	10	20	2.50	\$ 270.00
					<b>\$ 8,689.45</b>
<b>TOTAL</b>					
prepared by IR					

**California Wheat Growers**  
**Government Affairs Report**

August 2017

**Federal Legislative Report**

**Farm Bill 2018**

New Farm Bill Policy has been the primary focus of the California Association of Wheat Growers and National Association of Wheat Growers advocacy efforts. The CAWG leadership, Larry Hunn and Jim Parsons attended the Farm Bill listening session on August 5 at Modesto Junior College and testified to the importance of Title 1 programs that fit California wheat production, emphasized the recent discussions in Congress regarding reducing the Adjusted Gross Income cap for crop insurance were not good policy as reductions would only reduce the pool of individuals that participate in the crop insurance program and thus raise premiums for those that could qualify. Both Hunn and Parsons stressed the importance of public breeding programs as currently 65% of new wheat varieties are developed by public breeding programs. Investment in research is a top priority of CAWG in every communication to Congress. Both Hunn and Parsons testified to the economic benefit returned to the US wheat industry by the Market Access Program and the Foreign Market Development Program as each program was a cost share arrangement between farmers and the federal government which for every dollar spent returned 21 dollars in positive economic impact to the US economy. Both programs were noted to be essential to an industry that exports 50% of some of the highest quality wheat in the world and as Hunn stated, the California/US wheat grower operates in a global market. Lastly, Hunn punctuated the need for a timely passage of the new Farm Bill so that California farmers are allowed sufficient time to assess and understand the programs in which they may enroll.

**Other Issues Related to Foreign Market Development Program (FMD)**

Within the context of Farm Bill CAWG and NAWG and US Wheat have been alerted to the budgetary reality of the 1985 'Balanced Budget and Emergency Deficit Control Act. The 30-year-old law authorizes the OMB OMB/CBO authority to score at \$0 -- any permanent funding line item that previously had mandatory funding of less than \$50 million. USDA had very few single items in this category, but FMD at \$34.5 million is one of them. In addition to the FMD program there are some key energy titles within the Farm Bill funding mechanism that could also be jeopardized, which has raised the profile of the potential impact of the 1985 Balanced Budget Act amongst many Congressional representatives. The strategy to increase the FMD budget as the budget climate has elevated has become more important in order to raise the baseline funding of the program and prevent this situation in the future.

**NAWG Farm Bill Fly-In**

CAWG President, Jim Parsons will participate in the NAWG Farm Bill fly-in scheduled for September 25-27. Parsons will meet with key Agriculture and Appropriations Committee members of Congress as well as California representatives to communicate Farm Bill priorities as Congress heads into the reauthorization process and draft language gets developed for a 2018 Farm Bill.

**NAWG FARM BILL PRIORITIES (August 2017)**

The information below is not intended to be all-inclusive. NAWG policy staff are happy to discuss these and any other issues during the Farm Bill reauthorization process.

**OVERVIEW OF PRIORITIES**



- A PLC reference price set closer to \$7 a bushel to truly enable PLC to function as a safety net for farmers.
- Improvements to the functionality of ARC-County program to allow it to be a true choice with PLC.
- Maintaining the current structure of the federal crop insurance program, including current cost-share levels.
- Prioritize working lands conservation programs in the Conservation Title.
- Doubling the annual mandatory funding for the Market Access Program (from \$200 million to \$400 million) and the Foreign Market Development Program (from \$34.5 to \$69 million).
- Permanent law in the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 should be maintained, and the 2018 Farm Bill reauthorization should be made as an amendment to those acts.

#### TITLE 1: COMMODITIES

- Support a one-time program reelection at the beginning of the new Farm Bill or anytime that substantial program changes occur.
- Support maintaining a producer choice between revenue assistance and price assistance.
- Support improvements to the functionality of ARC-County, including adjustments to the yield and price components of the ARC formula.
- Support the use of smaller-than-county-size geographic areas in ARC in particularly large counties. Allowing the option to split large counties into smaller reporting districts allows for the program to more accurately reflect agronomic and climatic variability in those counties.
- Support prioritizing the use of RMA data first where available in setting ARC yields.
- Support increasing the PLC wheat reference price to a level that is closer to \$7 a bushel so it is more reflective of modern farming.
- Oppose any further restrictions to farm program eligibility (actively engaged requirements) or payment limitations.

#### TITLE 2: CONSERVATION

- Support maintaining a strong Conservation Stewardship Program and Environmental Quality Incentives Program to assist growers with adopting conservation practices on their farming operations. Additionally, Congress should eliminate the restrictions on the number of future re-enrollments in CSP.
- Support maintaining the Conservation Reserve Program (CRP) and providing flexibility within the program for multiple uses of the acres under contract (such as haying and grazing). Soil erosion/soil conservation should be the priority for enrolling acreage in CRP.
- Farm Bill conservation programs should continue to provide financial and technical assistance to assist growers in designing, implementing, managing and maintaining conservation practices and conservation management systems.
- Wetland compliance determination backlogs must continue to be a priority to ensure growers have accurate and timely responses from USDA.
- Support education and outreach efforts to work with growers to meet conservation compliance requirements.
- Support eliminating the requirement for farmers to obtain Duns and Bradstreet (DUNS) and System for Award Management (SAM) registration numbers to participate in Farm Bill conservation programs.

#### TITLE 3: TRADE

- Support reauthorizing and doubling mandatory funding for the Market Access Program (MAP) and Foreign Market Development (FMD) program.
- Support maintaining Food for Peace and Food for Progress.
- Support increasing the transportation cap on the Food for Progress program.

#### TITLE 4: NUTRITION

- Oppose separating the nutrition title from the Farm Bill for separate consideration.

#### TITLE 5: CREDIT

- Support sufficient funding levels through FSA's direct and guaranteed operating and ownership loan programs to meet full demand. Individual limits should also be increased to better reflect modern operations.

## TITLE 7: RESEARCH

- Support reauthorization of Hatch Act, McIntire-Stennis Cooperative Forestry Animal Health and Disease, Smith-Lever Act, and Agriculture and Food Research Initiative (AFRI) programs.
- Support continued authorization and funding of the U.S. Wheat and Barley Scab Initiative.
- Support research into the causes of quality loss problems, like low Falling Numbers.
- Support the Triticale Coordinated Agricultural Project (TCAP) initiative. TCAP is intended to apply latest genomic technology to wheat and barley variety development. It allows for improved selection for genes in wheat and barley associated with nitrogen and water use efficiency and disease resistance.

## TITLE 11: CROP INSURANCE

- Opposes any restrictions on eligibility for program participation based on a producer's Adjusted Gross Income, any caps on the federal cost-share level, and any restrictions on a producer's ability to utilize the Harvest Price Option (HPO).
- Oppose any cuts to the crop insurance delivery system.
- Quality losses that don't affect yield should not impact a producer's Actual Production History (APH).

## NAFTA Renegotiation

On August 28 CAWG Exec. Director attended a meeting with Secretary Ross of the Department of Food and Agriculture in Mexico City with key official of the Mexican USDA equivalent agency SAGARPA. As the next round of NAFTA negotiations are set to begin in Mexico City on September 1 the free trade agreement and adjustments to that agreement were discussed at length. As the modernization of the agreement was discussed the importance of Mexico as a trade partner was stressed by the Secretary. Additional discussion ensued regarding the potential to improve and make more dynamic sanitary and phytosanitary provisions and harmonizing standards in the 25-year-old agreement as well as invest in climate smart agriculture between both countries. The topic of grains was discussed specifically as it was noted that the United States continued to be viewed as the best supplier of grains including high quality wheat to the Mexican market.

## State Legislative Report

### Legislators Return for Final Push

On August 21st, Legislators returned to Sacramento for the final push to the September 15th deadline. This session, the legislature wrestled with many contentious issues including the passage of the largest infrastructure and tax package in the State's history, advancing landmark Cap and Trade legislation and grappled with state-sponsored single payer health care. Upon return from Summer Recess, there is an air of fatigue. Below is a discussion of key legislation:

### Labor Issues

Only a few weeks remain to determine if the legislature has the stamina to continue its fight against employers on labor bills such as the following.

AB 450 remains one of the most contentious bills with employers being placed in a lose-lose situation between Federal and State authorities pertaining to immigration enforcement at the workplace. Under this bill employers are required to police immigration activity by being mandated to report it to the Labor Commissioner. If they fail to do so, they will face a minimum \$2,000 fine and up to \$10,000 for each violation. This unnecessarily penalizes employers that otherwise made no violation of the law and chose to comply with federal enforcement activity that is outside of their control. AB 450 is currently pending on the Senate Appropriations Suspense File and is set to be heard on September 1, 2017.

Last year, the legislature enacted SB 3 which mandated an increase of the minimum wage for hourly workers and also provided a minimum salary for all exempt, salaried employees. This year, AB 1565 unnecessarily accelerates pay increases for salaried, exempt employees in California by creating a \$3,700 increase per salaried employee for small businesses with 25 or fewer employees in 2018. Employers with 26 or more employees will face an increase of \$1,723 per employee. This substantial increase will affect those small businesses who are already struggling with other recent labor and employment mandates, such as paid sick leave and the continually mounting costs of providing healthcare for employees.

### **Clean Water Legislation Takes Center Stage**

Water Quality and nitrate contamination in disadvantaged communities continues to be a significant policy issue including discussions surrounding water and fertilizer assessment to provide funds for capital expenditure and operations and maintenance funding for replacement water in communities impacted by nitrates. Association representatives have been invited into the Governor's staff offices to discuss the possibility of passing legislation to provide funding for water quality issues. SB 623 (Monning/ DeLeon) has become the lead bill in the fight to provide "Clean water for all." The legislation has been amended with substantive language outlined below.

The total collection for the program is estimated to be \$140 million annually for clean drinking water, \$30 million from agriculture sources and \$110 million from a general fee on retail water service. The agricultural funding will come from a combination of sources based developed from risk evaluation including a 6-mill assessment on fertilizer, a fee on milk sales and a livestock assessment. The general fee will be on retail water connection of \$.95 per month for residential and not to exceed \$10 per month for CII Customers.

In exchange for the funding, ag entities that are enrolled in irrigated lands programs or are designated as a confined animal feeding operation receive liability protection from state board orders. However, the proposed statute does not protect against third party civil or federal suits, which are deemed to be a lower threat to ag operations.

Additional legislation on air quality and environmental regulation:

SB 49 (Kevin De Leon and Henry Stern) is an expansive environmental measure that is being touted no "backsliding" on federal environmental laws. The bill would require California to enforce the federal Clean Air Act, Clean Water Act, Endangered Species Act (ESA) and other similar environmental laws and their implementing regulations and policies as were in place on January 19, 2017. Additionally, the bill would create a private right of action in state law for citizen enforcement of the Clean Air Act, Clean Water Act, and ESA if the citizen suit provisions are removed from these federal laws. SB 49 would also add all species native to California that are listed under the federal ESA to the list of species protected by the California Endangered Species Act.

SB 252 (Bill Dodd) would require new water well permit applicants in critically over drafted groundwater basins to provide their application information to neighbors. It would require cities and counties overlying critically over drafted basins to publicly notice new well permit applications and require these cities and counties to make specific new well permit information available to groundwater sustainability agencies. While concerns about groundwater are universal, the association has opposed the measure

along with other ag organizations because local groundwater entities and the counties are working diligently on a comprehensive solution to groundwater the Sustainable Groundwater Management Act and this measure would divert resources with no road to sustainability.

SB 100 (Kevin de Leon, D-Los Angeles) requires sellers of electricity to procure a minimum of 60% of their electricity products from eligible renewable generation resources by 2030; currently they must procure 50% by 2030. In addition, the bill sets aspirational goals of meeting 100% of retail sales of electricity with eligible renewable generation and zero-carbon resources by 2045. The 100% goal would also apply to energy used by the State Water Project. Amendments taken clarified that the 100% goal by 2045 can be met by both currently eligible renewable and zero-carbon generation resources. However, the bill still clearly states that the state's policy is to reach 100% by 2045 and that the Public Utilities Commission, the Energy Commission and the Air Resources Board must incorporate the requirement into their planning.

### **Biomass Legislation**

**AB 920 (Cecilia Aguiar-Curry, D-Napa)** addresses baseload electric generation facilities (biomass and geothermal) and requires the California Public Utilities Commission to determine what types of generation resources investor owned utilities are required to procure. Publicly owned utilities would be required to make the same assessment. Although the bill now has no specific percentage requirements for baseload generation, it will continue the discussion about the importance of addressing the use of biomass generation in the state. The Senate Energy, Utilities and Communications Committee approved it on a 110 vote.

This bill continues to be a priority for the association and the Bioenergy Alliance Coalition that the association is an active participant.

### **Buy California/Food Donation/Food Safety**

**AB 822 (Caballero)** Farm Bureau sponsored bill to give a purchasing preference to CA Grown and CA Manufactured foods.

**AB 1163 (Irwin)** Buy California program – provides \$3 million in general fund support for matching block grants through the Buy California Marketing program. 2- Year Bill

**AB 1219 (Eggman)** Provides liability protection against businesses and nonprofits that donate food.

**SB 730 (Pan)** Buy American School Lunches – This measure would provide state enforcement to the existing Buy American provisions in existing school lunch program regulations. Recent Report showed no compliance and very little knowledge from School Districts.

**AB 77 (Fong)** Regulation Review - Requires the Legislature to review each major regulation after submission to the Office of Administrative Review. 2 Year Bill

### **Ag Issues**

**AB 1126 (Committee on Agriculture)** This is an ag sponsored bill that will extend the sunset on using carbon monoxide to exterminate gophers and rodents. Signed by Governor

**SB 602 (Allen)** Neonicotinoid pesticide labeling requirement and banning of all noncommercial use of neonics after 2019. 2-year bill

#### **Farmer Elected to Lead Assembly Republican Caucus**

The Assembly floor session on Thursday of this week started with a surprise announcement that Brian Dahle, a seed farmer and trucking company owner from Bieber, California, had been elected by his caucus peers to lead. Former leader Chad Mayes had been under attack from party activists since he and six other caucus mates assisted in passing the Cap and Trade legislation that was supported by agriculture and business interests. Assembly member Mayes withstood internal challenges prior to the summer recess but his continued leadership became a distraction for the caucus moving forward. Assembly member Dahle was elected in 2012. He was formerly a Lassen County Supervisor.

Speaker Anthony Rendon provided the following comment. "Chad Mayes is a good man who worked hard to balance doing what was right for California and meeting the needs of his caucus. Personally, I will miss working with Chad as Republican Leader. Since we were elected to the Assembly in 2012, Brian Dahle and I have had a strong working relationship. I know that will continue in his new role."