



CALIFORNIA
FRESH FRUIT
ASSOCIATION

ANNUAL REPORT 2016 - 2017

“To fulfill the needs of its membership while serving as the primary public policy organization advocating on behalf of fresh fruit growers and shippers in California.”

California Fresh Fruit Association Mission Statement

Chairman's Report



Harold McClarty, 2016/18



There were many ups and downs in 2016 which, when taken as a whole, will be considered a bad year for agriculture. Legislatively, it will go down as one of the worst years ever.

The court cases of *Bluford v. Safeway* and *Gonzales v. Downtown LA Motors* in 2013 resulted in one of the most confusing back room pieces of legislation, AB 1513, that we have ever had to deal with.

AB 1066, which removed the Ag-Overtime exemption, was designed and built by people who know absolutely nothing about agriculture and the timeless effort it takes to get fruit in a box. This reminds me of a conversation with a politician during a grape harvest visit, in which she told me, "it's really hot out here" (it was about 90 at the time) and my response was "yes it is, and this is real dirt, too."

The politicians have seemed to purposely keep themselves from realizing that this is where their food comes from; outside, grown by farmers, not from inside the grocery store. Most fruit does grow on trees, but those of us in this organization know it needs a bit of help, and it isn't coming from Sacramento.

In April, Governor Brown signed the "Fair Wage Act of 2016". It is difficult to have a conversation with someone who lives in the high rent coastal area about why we oppose the uncompetitive wage hike. The reality of the situation is this: if a \$15 minimum wage is appropriate for San Francisco County, where a one-bedroom apartment rents for over \$3,000 a month, then it is grossly inappropriate for Fresno County, where a similar apartment costs \$800. California has already become pressured by competition from countries with significantly lower growing costs. This arbitrary, emotionally-driven increase is going to be very difficult with a time and labor sensitive commodity.

Retailers are facing pressure from "social justice" movements, motivated largely by anecdotal incidents not reflective of the norm, concerted organizational misinformation campaigns, and "alternative facts" about farm labor practices in 2017. Some have reacted by attempting to impose insulting social audit requirements on our businesses. These efforts unjustly call into question our integrity and begin with the assumption that, if we weren't watched closely, we'd be abusing the workers responsible for handling our most precious assets – perhaps the only people putting their hands on our crop each day. It should go without saying that this is absurd and unacceptable, and we will deal with it.

But even with all of these challenges, there are opportunities. We are not alone. We have help. We are all here because we believe in our organization. We will face and battle these issues collectively.

We compete fiercely with each other on quality, price and service, and every other lie we can tell a retailer. But we come together when our industry or individuals are treated unfairly. We as farmers might have a smaller voice, but together with this organization, we can exact change.

We have a new president and new leadership through George Radanovich. We have done a great job in educating George about our issues. He's already got a few bumps and bruises. I went to DC with George and when the Capitol Guard welcomed and embraced him, I knew he had earned the respect of the right people.

The real question, is why do we do this? Why do we still farm? We do it for everyone that we have worked and sweated with that believes what we are doing involves more than just getting a paycheck. So few people produce anything that is actually tangible, something that people need to survive. Well, maybe they don't need peaches to survive, but I don't want to exist in a world without peaches. Someone told me that we have found our purpose and that we will ride it to the grave.

CFFA Leadership

Robert O. Bianco

Anthony Vineyards, Inc.

Steve Biswell

MJ Visalia Grape Farms, LLC

Nicholas Bozick

R. Bagdasarian, Inc.

Jack Campbell

Delano Farms

Kirk Cerniglia

Royal Madera Vineyards

Bill Chandler

Chandler Farms, LP

David Clyde

Grapeman Farms dba Stevco

Verne Crookshanks

Venida Packing, Inc.

Jerry DiBuduo

SunValley Farms

Moe DiBuduo

DiBuduo Fruit Co.

***Richard Elliot**

David J. Elliot & Son

Ken Enns

Ken Enns

Ralph Hackett

Dayka & Hackett, LLC

Steve Hash

Steve Hash Farms

Doug Hemly

Greene and Hemly, Inc.

***David Jackson**

Family Tree Farms

Mike Jackson

Kingsburg Orchards

Casey Jones

Sun Valley Packing

Herbert Kaprielian

CRJ Farming Co. LP

Todd Kinoshian

Sundale Vineyards

***Wayde Kirschenman**

Kirschenman Enterprises Inc.

David Marguleas

Sun World International, LLC

George Nikolich

Gerawan Farming, Inc.

Justin Parnagian

Fowler Packing Company, Inc.

Melissa Poole

Wonderful Company

Pat Ricchiuti

P-R Farms, Inc.

Cliff Rolland

Abe-El Produce

Patrick Scully

Scully Packing Co.

Jim Simonian

Simonian Fruit Company

Brent Smittcamp

Wawona Packing Co., LLC

Kent Stephens

Marko Zaninovich, Inc.

Matt Surber

M. Caratan, Inc.

Russ Tavlan

Moonlight Companies

***Dean Thonesen**

Sunwest Fruit Company, Inc.

Mike Thurlow

Mountain View Fruit Sales

John Tos

Tos Farms, Inc.

Chiles Wilson

Rivermaid Trading Co.

Cliff Woolley

Munger Bros., LLC

John D. Zaninovich

Merritt Farms

***Jon P. Zaninovich**

Jasmine Vineyards, Inc.

Marko S. Zaninovich

Marko Zaninovich, Inc.

Ryan Zaninovich

V.B. Zaninovich & Sons, Inc.

EX-OFFICIO**Micky George****Cliff Sadoian**

Cliff Sadoian & Associates

*Executive Committee



CALIFORNIA
FRESH FRUIT
ASSOCIATION

CHAIRMAN

*Harold McClarty

HMC Farms

FIRST VICE CHAIRMAN

*RANDY GIUMARRA

GIUMARRA VINEYARDS CORPORATION

SECOND VICE CHAIRMAN

*Kevin Herman

The Specialty Crop Company

SECRETARY/TREASURER

*Louis Pandol

Pandol Bros., Inc.

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President's Report

As I conclude my first year as President of the California Fresh Fruit Association (CFFA), I am humbled by the opportunity to represent such an amazing segment of California agriculture. In my previous political life, my public service included Mariposa County and Washington D.C. My experience in Sacramento was very limited. I quickly learned that agriculture was not held in high regard by our state leaders and that there was much work to be done. From my first day on the job, it has been my goal to get California agriculture back on offense. With that in mind, we have begun to make inroads on issues such as labor relations, immigration and water. These are not easy or new issues, but we are trying to deal with them in new and innovative ways.

I was baptized by fire when A.B. 1066, the Ag-Overtime bill, came to a vote during my first month on the job. During our struggle to defeat AB 1066, we met with Joe Garcia of Jaguar Farm Labor Contracting to discuss farm employee advocacy efforts. Inspired by the Napa Valley Farmworker Foundation, Joe created the Central Valley Farmworker Foundation (CVFF), a services-based 501(c)(3) foundation for the farm employee community that identifies and provides immigration, English language, health and professional development services. It is Joe's belief, and now ours, that by providing a sustainable array of services and developing trust within this community, farm employees can be empowered to serve as their own advocates and diminish the influence of ineffective labor unions like the UFW.

It is our goal here at the Association to support CVFF in any way that we can. They are currently focusing on Kern, Kings and Tulare counties, but have hopes of becoming a statewide organization, benefitting all farmworkers.

In an effort to address the longstanding immigration issues that have plagued our industry and nation, we have begun working with the new Trump Administration to make sure there is no interruption of labor as a result of any new immigration law. After reviewing the history of our current worker visa system, we identified that both the H-2A program and the Bracero program began as treaties between the U.S. and the host countries. With the news of the Administration's desire to renegotiate NAFTA, the opportunity to include a worker visa program and adjustment of status in those negotiations, is viable. Finding solutions to this problem is not easy, but it is imperative that we explore every option to insure that a guest worker program and the adjustment of status of our current workforce is included with any enforcement measure.

And then there is water. CFFA is uniquely positioned, as a statewide organization, to identify and advocate for comprehensive solutions to our broken water system. The ever-increasing pressure on water quality and quantity, together with the need for water in times of drought, remains paramount. The Association continues to push for major above ground storage projects, such as Temperance Flat and Sites Reservoir, which make the most sense for Association members and for many Californians. At the federal level, our organization continues its close contact with members of both political parties in Congress to increase the opportunity for increased flows south while protecting the water rights and avoiding adverse impacts to Delta stakeholders.

The need for efficient, protective and effective public policy representation is the ongoing mission for CFFA and will become more important with each passing year. The Association is committed to advocacy at the local, state and federal levels so that the multi-generational families that make up the vast majority of our membership can continue to produce, into the future, the fresh fruits that are so important to our domestic food supply and our national security.

Thank you to all of our members who did so much to set the direction and focus for our organization by your faithful service on committees and the Board this past year. Your dedication and input is sincerely appreciated. On your behalf, we look forward to continuing the representation of the best fresh fruit growers and shippers in the world.



George Radanovich - CFFA President



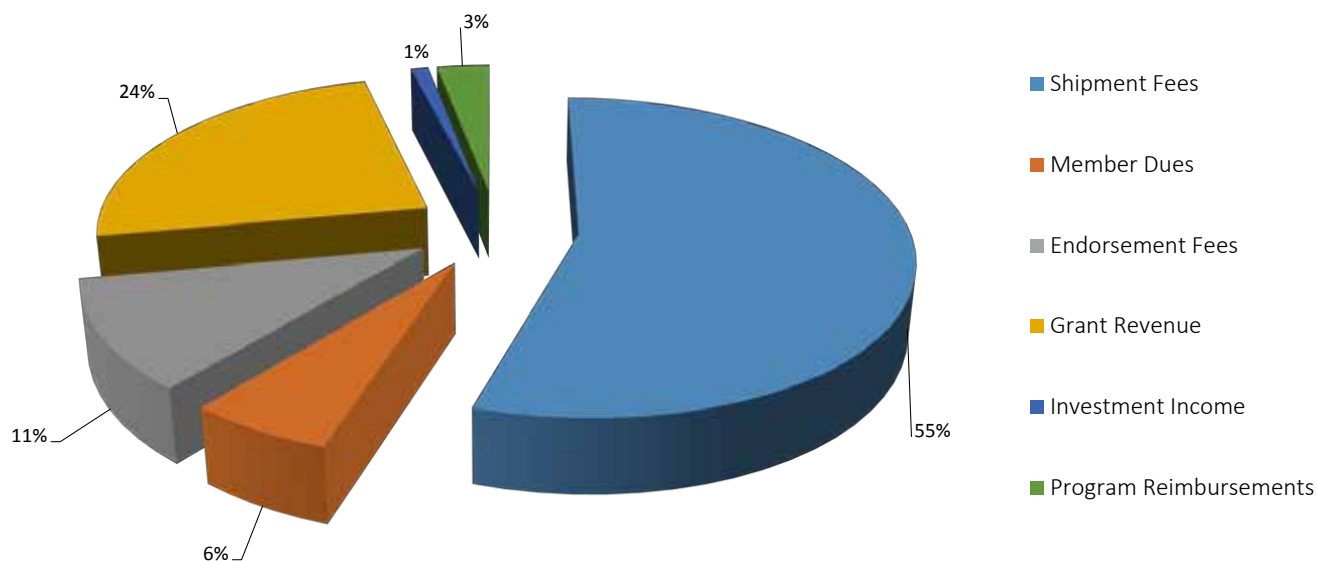
Financial Summary

The California Fresh Fruit Association's financial footing remained on a strong foundation for the 2016-17 fiscal year.

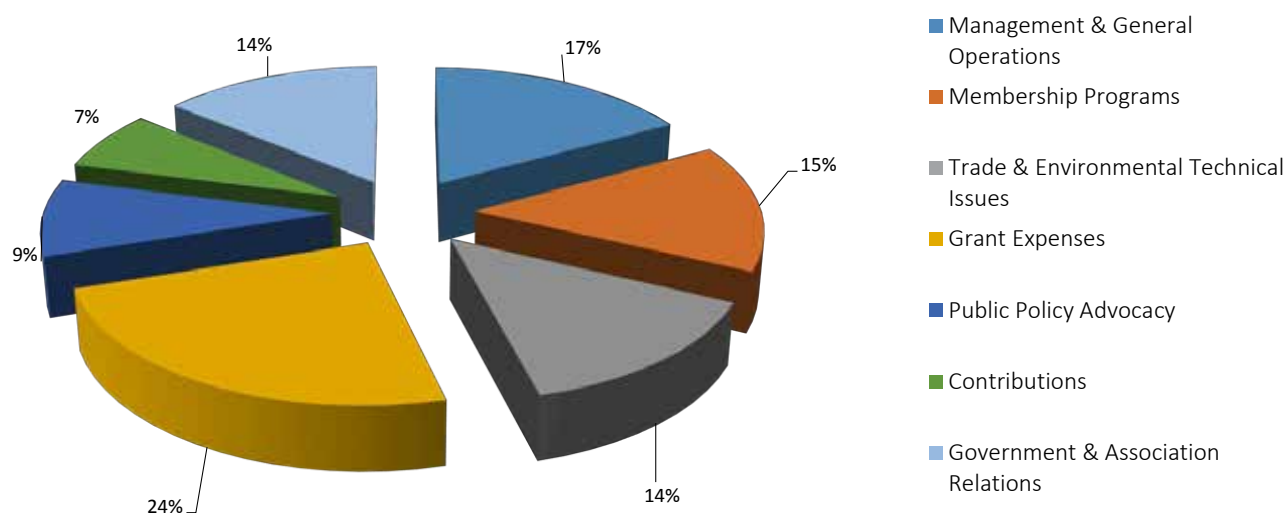
The Association is truly fortunate to have a hands-on Secretary-Treasurer, Louis Pandol, who is actively involved in the financial management and oversight for the organization. Along with Board of Directors, Executive Committee and staff, a network of tight fiscal control over expenditures is maintained, as is the consistent effort to add new members and revenues so CFFA can fulfill its mission.

The following represents the Association's revenue and expenditures for the 2016/17 fiscal year:

2016/17 FY CFFA Revenue



2016/17 FY CFFA Expenses



Top Issues

The California Fresh Fruit Association's Board of Directors identifies its top issues on an annual basis. The following is this year's list, along with brief explanations.

INCREASING LABOR COSTS

Labor costs have continued to increase, resulting from changes to agriculture overtime and an increasing minimum wage, which rose to \$10.50 per hour in January 2017. Seasonal wages, along with those in every category of agricultural production such as tractor drivers and irrigators, increase proportionately along with a higher minimum wage. Farmers routinely experience seasonal hourly costs of approximately \$10.50 to \$15.00 per hour, now and these amounts will only increase as the largest business cost for growers and shippers of labor intensive fresh fruit commodities who must compete in a highly competitive global market.

WATER SUPPLY/DROUGHT IMPACTS



With a highly diverse membership stretching from Lake and Mendocino counties in the north, down through the San Joaquin Valley and south into the Coachella Valley, the need for long-term water certainty remains of utmost importance to sustaining a viable agricultural sector. The drought conditions that continued through 2016 placed significant stress onto farming operations, shifting more permanent fresh fruit crop producers to rely upon groundwater supplies. The California Fresh Fruit Association is actively working to identify potential federal appropriations and protect bond resources designed specifically for larger, aboveground surface storage projects, which stand to produce the broadest benefits to water users.

FEDERAL IMMIGRATION POLICIES ADDRESSING THE CURRENT AND FUTURE LABOR FORCE

Despite both legal and political hurdles, as an active member of Agriculture Coalition for Immigration Reform, we will continue to impress upon our elected representatives that Congressional action is needed to ensure a long-term solution toward addressing labor security for the agricultural sector. The Association continues to be a key component in the policy shaping debate on both short and long-term proposals to strengthen labor security.

LABOR REGULATIONS (ALRB, OSHA, DIR, DOL, ETC.)

Every year, the California Legislature considers measures that advance opportunities for organized labor to unionize the agricultural labor force. Missing from that consideration is the thorough examination of the will of the labor force and the value they perceive in paying a percentage in dues for added wages, benefits, and working conditions which either have been addressed or continue to be advanced by the Legislature or through regulation, thus rendering union membership unnecessary. The Association remains committed and ready to confront misguided rulemaking and legislative attempts to amend the Agricultural Labor Relations Act, which have the impact of ignoring the employer and the will of the employee to freely choose whether or not to be part of a union.

GROUNDWATER MANAGEMENT REQUIREMENTS (S.G.M.A.)

The passage of the Sustainable Groundwater Management Act provides for local management of groundwater basins throughout California. The creation of sustainable groundwater management agencies will combine management with enforcement mechanisms in an attempt to ensure the sustainability of groundwater resources through planning, which must be in place as early as 2020, and achieve sustainability goals in the basin within 20 years of implementation. There

is significant concern, that as a result of this Act, the governance of groundwater supplies will look much differently in just a few years, as local agencies will be tasked with ensuring groundwater pumping does not jeopardize the basin's ability to be sustainable over the long-term.

NEGATIVE IMPACTS OF AN ANTI-AGRICULTURE STATE GOVERNMENT

The cumulative impact of numerous regulations endorsed by the Administration, and many within the Legislature, has created a business environment in California where farmers feel directly attacked and persecuted. During the 2016 legislative session, rhetoric by members of the Assembly and Senate reached new lows, with elected members referring to modern day farm employers as “slave owners”. The Association has long worked to establish strong relationships with our elected members, as we will continue to do in the future, but the actions and tone that is coming out of our state government must improve and must acknowledge the important role that California Agriculture plays in our state’s economy and social makeup.

COST OF WATER QUALITY REGULATIONS AND CLEAN DRINKING WATER LIABILITY

The adoption of water quality regulatory programs has put the burden of improving the water quality for disadvantaged communities in rural areas onto agriculture. Farming operations have seen added impacts in the form of compliance costs associated with regulatory oversight and reporting. Significant efforts remain to identify whether agricultural nitrogen management practices are sufficiently protective of groundwater or whether they must change in order to mitigate groundwater degradation. In the near-term, reporting will project clearer pictures from which to discern the potential impacts from agricultural practices. The Association is positioned to continue its work across legislative and regulatory audiences to shape implementation of regulatory proposals in a way which recognizes that there is shared responsibility to ensure compliance with water quality goals, while continuing to advance the importance of maintaining the economic viability of the agricultural sector.

HEALTH CARE MANDATES/ AFFORDABLE CARE ACT

The employer health care coverage mandate, resulting from the implementation of the Affordable Care Act, is increasing operational costs. Growers securing labor through the services of a farm labor contractor are facing pass-through costs that vary depending on the number of eligible employees and contract terms, which may include higher commission rates and added per-employee charges. With implementation underway, the cost of labor will climb to an even higher percentage of an operation’s overall labor costs.

FEDERAL AND STATE FOOD SAFETY COMPLIANCE REQUIREMENTS

Ensuring a safe food supply remains a top priority and the industry continues its advancements in employing science and risk-based practices through food safety research, designed to identify potential risks and guide the continued production of safe, fresh fruit. Growers and packers are looking to ensure that their implementation of food safety practices exceed government standards, such as the Food Safety Modernization Act, for safe production and the ever increasing retailer demands for meeting demand-side food safety expectations. The industry will look to lead with the implementation of science and risk-based practices to continue to preserve consumer confidence and meet their expectations.



AIR QUALITY REGULATIONS/FEES/COSTS

The implementation of the truck and bus on-road diesel emissions regulation requires California farmers to replace operational vehicles in order to meet increasing air quality goals. Combined with anticipated regulations, such as the off-road mobile agricultural equipment regulation, farmers will again be faced with added costs associated with improving air quality. The Association continues to impress the fact that the agricultural sector has demonstrated a significant commitment to utilize and upgrade to newer equipment as part of an effort to reduce impactful emissions. Since the emissions footprint extends well beyond agriculture, the Association continues to work with regulatory bodies to minimize the impact of the rules on the agricultural sector alone, while advocating for greater incentive funding to support the turnover of older equipment.

Membership

When you support the Association, you are a part of a unified voice that advocates relentlessly for the fresh table grape, tree fruit and berry communities, so that our operations may stay viable, profitable and sustainable in California. We continually strive to be the best resource for our members regarding a wide range of labor, environmental, transportation, marketing, technical and regulatory issues. Above all else, we are committed to helping our members succeed.

It is due to your financial contributions and the organization's grassroots approach that we are able to accomplish the things that we do each and every year. This Annual Report summarizes areas on which the Association has worked this past fiscal year. As always, in addition to the Annual Report, the Association continues to publish our bi-weekly newsletter "On Target" to keep members up-to-date regarding important industry news.

The Association strives to serve our members to the best of our ability. The challenges are countless, but together we can make a positive impact for our industry. We look forward to continuing to represent you!

2016/17 New CFFA Members

The Membership & Communications Committee kept a steady pace to recruit new Association members and communicate to current members about the many benefits associated with membership. The newest membership additions included:

A-C Electric Company
Agroscience Solutions LLC
All Crop Insurance Services
Armstrong & Associates Ins. Services
B&D Ranch
CalCom Solar
Cooper Ag Services
Der Manouel Insurance Group
Frank A. Logoluso Farms
Fruit Growers Supply Company
Grand Island Ranch LLC
Henderson Orchards
Hildreth Farms, Inc.
iFood Decision Sciences
Mohler Farms
Morningstar Farming, Inc.
Packers Sanitation Services, Inc.
Quiedan Company
Richard Dolezal
Stellar Distributing Inc.
Streamline Irrigation, Inc.
Technical Adhesives Limited
Thornton Pear Ranch, Inc.
Whitney Warren Ranch, Ltd.



The Membership & Communications Committee is responsible for exploring membership opportunities and overseeing communication to current and prospective members regarding the value of Association membership. The Committee plays a key role in helping CFFA's membership continue to be a strong-suit for the organization. Growth in membership is evidence that the Association continues to demonstrate the value of being part of a unified voice, where the members' resources are used in the most efficient manner to maximize benefits.



Programs & Services



The Insurance & Financial Benefits Committee is responsible for monitoring the Association's group property insurance program, property & casualty insurance program, crop insurance endorsements, workers' compensation insurance program and the group retirement program. In addition, the committee is charged with creating additional insurance programs that may prove beneficial for Association members.



TRANSPORTATION

CFFA has been successfully partnering with **C.H. Robinson**, for full service logistics since 2007. The grower-shipper program offers benefits through transportation management assistance, which was designed to specifically address the transportation needs of fresh fruit operations. Through the partnership with CHR, a rebate is provided to CFFA for each load moved by a shipper member who uses the transportation company, which further strengthens the organization's advocacy efforts.



CROP INSURANCE

Rain and Hail Insurance Service, L.L.C. has served as an endorsed carrier for CFFA for more than 15 years, establishing a long-lasting and successful relationship with members. Although all insurance rates and procedures are the same, the Association encourages its members to select the company for their crop insurance needs, based on top-quality service and the company's solid dedication to California's specialty crops. The company continues to be the leading crop insurance provider in the state, with approximately 30 percent of its business in California.



WORKERS' COMPENSATION

Zenith Insurance Company became CFFA's endorsed carrier of workers' compensation insurance in 2012, and the relationship grows stronger each year, with combined efforts to provide employers with resources to reduce exposures, claims, and costs. Activities from the 2016/17 FY included exclusive safety seminars for CFFA members, which were developed to address the supervisors' safety responsibilities including safety enforcement, inspection and training. In addition, two employees from CFFA member companies (**The Specialty Crop Company** and **Green Leaf Farms Inc.**) completed Zenith's 6-month Agricultural Leadership Program. Zenith's Ag Summit was also open to CFFA members.

All training and outreach material is designed specifically to meet the needs and exposures unique to the California fresh fruit industry. Zenith's safety specialists address the exposures by providing examples of proven practices that have reduced or eliminated workplace injuries.

PROPERTY, CASUALTY & AUTO INSURANCE

On January 22, 2015, CFFA's Board of Directors approved **Zenith Agribusiness Solutions** as an endorsed provider of property & casualty insurance for California agribusiness and farms. Zenith Agribusiness Solutions, a division of Zenith Insurance Company, serves as the Association's partner to provide exceptional value, coverage and service to grower, shipper and associate members through independent insurance agencies.



GROUP PROPERTY INSURANCE

The Association continues to endorse the Group Property Insurance Program marketed by **Buckman-Mitchell, Inc.**, which provides considerable savings compared to existing insurance policies; sometimes offsetting the cost of annual CFFA membership dues! The underwriter of the program, Farmland Insurance/**Nationwide Agribusiness Insurance**, is an A+15 rated agribusiness insurance specialist. Group participants are eligible to receive dividends based on overall group performance results.



RETIREMENT



The Association's Board of Directors has endorsed **Alerus Retirement Solutions** since April 1998 for its group 401(k) program after it was thoroughly reviewed by the CFFA's Insurance & Financial Benefits Committee. Association members are eligible to participate in a full-service retirement program with Alerus, which is a specialized program offering great value to participants because members receive additional services without the added charges and fees.

EDUCATIONAL OPPORTUNITIES

During the 2016/17 FY, the Association helped to educate members through workshops and seminars on a wide range of agriculture-related issues.

CFFA PRESIDENT AND DIRECTOR PARTICIPATE ON AGRIBUSINESS PANEL



CFFA President, George Radanovich, and CFFA Director of Environmental and Regulatory Affairs, Christopher Valadez, participated on a panel regarding Social Accountability Audits during the 35th Annual Agribusiness Conference. The purpose of the conference, hosted by California State University-Fresno, is to bring together members from the state's agricultural business, economic, political and research sectors, as well as Fresno State faculty, staff and students, to discuss the most pertinent issues facing the California agriculture industry.

The conference began with a presentation by Dr. Terry Barr, a chief economist for **CoBank**, who gave a domestic and international economic outlook. Emily Johannes, director for sustainability for ResourceMax Services for K-Coe Isom, followed with a presentation on sustainable business practices and policy.

The first of two panels were titled, "Water and the Future of the San Joaquin Valley", which discussed topics such as the Sustainable Groundwater Management Act, South of Delta Exports and Proposition 1 funding.

The second panel, moderated by Christopher Valadez, was titled "Social Responsibility (Audits): What Are They and Who Benefits?" Panelists included David Moen, Senior Director of Produce and Floral for Save Mart Supermarkets; Ruben Rosalez, Regional Administrator for the U.S. Department of Labor, Wage and Hour Division; and George Radanovich. The panel explored retailer and grower attitudes towards the audits and opportunities to explore other means of demonstrating compliance. Radanovich drove home the point that California has the most stringent labor laws and regulations in the world, therefore to require growers to conduct "above and beyond" social accountability audits amount to burdensome and costly unfunded mandates.



CFFA HOSTS GROWER TRAINING COURSE

Recently, the California Fresh Fruit Association sponsored a Produce Safety Alliance (PSA) Grower Training Course for grower and shipper members. The PSA Grower Training Course satisfied the U.S. Food & Drug Administration's Produce Safety Rule requirement outlined in § 112.22(c) that requires 'At least one supervisor or responsible party for your farm must have successfully completed food safety training at least equivalent to that received under standardized curriculum recognized as adequate by the Food and Drug Administration'.

Trainers from UC Postharvest Technology Center and the Produce Marketing Association led the training and covered multiple modules, including:

- Introduction to Produce Safety
- Worker Health, Hygiene and Training
- Soil Amendments
- Wildlife, Domesticated Animals and Land Use
- Agricultural Water (Part I: Production Water; Part II: Postharvest Water)
- Postharvest Handling and Sanitation
- How to Develop a Farm Food Safety Plan

In addition to learning about produce safety best practices, key parts of the FSMA Produce Safety Rule requirements were outlined within each module. Attendees who participated in the entire seminar were eligible to receive a certificate from the Association of Food and Drug Officials (AFDO) that verified they had completed the training course.

COLLABORATING WITH OTHERS

During the 2016/17 FY, the Association continued to collaborate with agricultural associations in positive advocacy efforts for the industry.



UNITED FRESH PRODUCE ASSOCIATION WASHINGTON CONFERENCE

Joined by California Fresh Fruit Association Chairman, Harold McClarty (**HMC Farms**), President George Radanovich; Director of Environmental & Regulatory Affairs, Christopher Valadez; and Director of Member Relations & Communications, Ian LeMay, traveled to Washington, D.C. to participate in the United Fresh Produce Association's Washington Public Policy Conference, held September 12th-14th.

The conference covered a wide range of topics, including discussions about the Food Safety Modernization Act, the Fresh Fruit and Vegetable Program, the school nutrition standard for fresh produce in school meals, immigration reform, the Trans-Pacific Partnership and pending California water legislation.

The Conference also featured a panel discussion, moderated by Radanovich, on Federal Regulations and their impact on agriculture businesses across the country.



CFFA DIRECTOR MEETS WITH COMMERCE SECRETARY

CFFA Director of Environmental and Regulatory Affairs, Christopher Valadez, participated in a meeting with U.S. Department of Commerce Secretary, Penny Pritzker, hosted by Rep. Jim Costa in Fresno. The Secretary met with farmers and agriculture officials regarding trade, economic opportunities and primarily, water.

Secretary Pritzker focused on efforts by her Department to improve economic activity for businesses across the U.S. and specifically cited her Department's efforts to bolster trade opportunities for California, stressing the importance of the proposed Trans-Pacific Partnership (TPP).

The second half of the meeting was devoted to water and the short-term challenges faced by operating the federal water project. "She was well briefed," said Rep. Jim Costa. "She knew the challenges created for water users here in the Valley."

The Commerce Department has oversight of the National Marine Fisheries Service, which in turn has jurisdiction over endangered winter run salmon in the Sacramento River. The U.S. Fish and Wildlife Service, under the U.S. Department of the Interior, has oversight of the threatened delta smelt.

The U.S. Department of Reclamation is charged with providing water and operating the Sacramento-San Joaquin Delta pumps that supply much of the central San Joaquin Valley's west side with water. General Managers from the Valley's east- and west-sides were represented.

The San Luis & Delta-Mendota Water Authority made a presentation to Pritzker, summarizing the present critical situation and advising her on actions she could take to immediately provide short-term relief south of the delta by authorizing releases of surplus water from Shasta.



Labor

The Labor Committee continually monitors the complex set of agricultural labor regulations at both the state and federal levels that agricultural employers must judiciously comply with. Some of the Labor Committee's issues include: federal and state OSHA regulations, California Agricultural Labor Relations Board actions, wage and hour regulations and immigration policy.

ALRB RULING ON GERAWAN EMPLOYEE VOTE COUNT

The Agricultural Labor Relations Board (ALRB) made public their decision in regard to the November 2013 decertification election held at Gerawan Farming, Inc. In a unanimous decision, the Board voted 3-0 to affirm the Administrative Law Judge's decision to set aside the election. The California Fresh Fruit Association strongly disagreed with the conclusions reached by the ALRB and continues to see the absence of any genuine logic that should disenfranchise these workers by having their ballots destroyed. The Association believes reasonable people would agree that the purpose of a secret ballot is to ensure that workers can make a choice freely and without intimidation from any source and that their true intentions are recorded. To order otherwise can only be viewed as an insult to the workers and their efforts to rid themselves of a union that has consistently failed to show value. Immediately following the publication of the Board's decision, **Gerawan Farming, Inc.** issued a press release. At the conclusion of said release, the following statement was made by company officials, "Gerawan shall appeal this ruling in a court of law. We look forward to our day in court. Gerawan is confident that this undemocratic decision will not stand. We welcome a new election supervised by Chairman Gould himself. We truly want the workers to have a say, since the last time they were asked their opinion was in 1990". CFFA supports Gerawan Farming, Inc. and their employees for their tireless efforts to date in this seemingly endless issue.



AB 1513 WORKSHOPS

The Association held two identical workshops, one in Delano and the other in Fresno, to focus on steps to obtain the 'affirmative defense' under AB 1513.

The workshop covered various topics, including filing notice to elect safe-harbor coverage, documentation covering what's owed and tracking what's being paid or cashed. Featuring attorney Pat Moody, **Barsamian & Moody, Attorneys at Law**, the workshop also covered communicating with employees that are owed and not owed money, using person locator services, setting time limits for checks paid to force timely cashing, and covered payment (and proper documentation) to the state for those employees unable to be located and paid.

AB 1513 AMICUS BRIEF REQUEST FOR PARTICIPATION

The California Fresh Fruit Association received a request from the Pacific Legal Foundation (PLF) to join them in support of an amicus brief to the 9th Circuit Court of Appeals in *Fowler v. Lanier*, 16-16236. The Executive Committee was asked to consider the request and approve the staff recommendation to support the brief. Consent was provided. The brief was submitted to the Court on October 28th.



PLF wrote the Amicus Brief challenging AB 1513's carve-outs, which excluded **Fowler Packing Company** and **Gerawan Farming, Inc.** claiming the exclusion is a violation of the U.S. Constitution, which prohibits the Legislative branch from determining guilt and inflicting punishment onto an individual without a judicial trial; as imposition of liability is vested in the power of the Judiciary and not in the Legislative branch.

A.B. 1066 (AG-OVERTIME) BECOMES LAW

On August 29th, A.B. 1066 passed the Assembly on a 44 to 32 vote. While not completely unexpected, the debate on the Assembly floor revealed disinterest of viewpoints held and shared by both farm employers and many farm employees and by some members who represent an agricultural constituency. Association President, George Radanovich, and Director of Environmental and Regulatory Affairs, Chris Valadez were at the Capitol meeting with members of the Assembly to urge their no vote or abstention.

The California Fresh Fruit Association, along with a coalition of allied agricultural interests, immediately directed their full attention toward the Governor's Office to urge his veto. Members of the coalition pushed for him to recognize the documented economic impacts anticipated from the passage of A.B. 1066, combined with the added negative impacts tied to the recently passed increases to California's Minimum Wage.

Assembly Members Mathis, Gallagher, Olsen, Bigelow, Chavez, Obernolte and Grove deserve credit for their work on the Assembly floor, identifying the hypocrisy of many voting without having talked to the numerous farm workers (not just those couple of dozen brought to Capitol by the UFW) unable to be present in the Capitol because they were hard at work.

Disappointingly, Governor Jerry Brown signed A.B. 1066 into law on September 12, 2016.

Starting in 2019, the daily overtime trigger will be reduced by 30 minutes each year, until it reaches the 8 hour worked threshold in 2022. Specifically, for employers with more than 25 employees:

- January 1, 2019: Overtime must be paid for work in excess of 9 ½ hours per workday or in excess of 55 hours per week.
- January 1, 2020: Overtime must be paid for work in excess of 9 hours per workday or in excess of 50 hours per week.
- January 1, 2021: Overtime must be paid for work in excess of 8 ½ hours per workday or in excess of 45 hours per week.
- January 1, 2022: Overtime must be paid for work in excess of 8 hours per workday or in excess of 40 hours per week. Any work in excess of 12 hours in one day must be compensated at the rate of no less than twice the employee's regular rate of pay.

Employers with 25 or fewer employees:

- January 1, 2022: Overtime must be paid for work in excess of 9 ½ hours per workday or in excess of 55 hours per week.
- January 1, 2023: Overtime must be paid for work in excess of 9 hours per workday or in excess of 50 hours per week.
- January 1, 2024: Overtime must be paid for work in excess of 8 ½ hours per workday or in excess of 45 hours per week.
- January 1, 2025: Overtime must be paid for work in excess of 8 hours per workday or in excess of 40 hours per week. Any work in excess of 12 hours in one day must be compensated at the rate of no less than twice the employee's regular rate of pay.



Government Relations

ANNUAL GOVERNMENT RELATIONS TRIP

In February 2017, CFFA representatives and sixteen Association members traveled to Sacramento to take part in the 2017 Government Relations trip. The policy-oriented, 24-hour trip kicked off with a series of focused regulatory agency meetings, followed by a reception and dinner event.

Trip participants first met with Secretary Karen Ross of the California Department of Food and Agriculture. The Secretary reviewed a tough 2016 legislative session, which included changes to agriculture overtime, drought restrictions and increasing environmental regulations. Although she did not believe that things would get any easier for agriculture in 2017, the Secretary did present her belief that California Agriculture would continue to demonstrate a strong resiliency. She pointed to opportunities to modernize and automate our agriculture infrastructure as a bright spot for the entire industry.



Trip participants also met with California Natural Resources Agency Deputy Director, Tom Gibson, to discuss the State's current hydrology and the implementation/funding of Proposition 1 projects. Association members utilized their time to stress the organization's voter and legislative intent behind the water storage chapter of the water bond, stressing the importance of ensuring that large, above ground surface storage projects receive primary consideration for the available funding.

The group finished up the first day by meeting with California Department of Environmental Protection Agency Deputy Secretary, Gordon Burns. Deputy Director Burns spent much of his time discussing and defending his department's new proposal to regulate pesticide use near schools. Association members pressed the deputy director to cite science-based reasons for the proposal, to no avail. Deputy Secretary Burns relayed the information that his department is currently reviewing over 19,000 public comments that were filed pertaining to the proposed regulation.

The following day, trip participants traveled to the Capitol to meet with Assemblymember Jim Cooper (D-Elk Grove), as well as Assemblymember Vince Fong (R-Bakersfield), Assemblymember Devon Mathis (R-Visalia), and Senator Andy Vidak (R-Hanford).



Association staff would like to thank this year's participants for taking the time to engage with regulatory officials and legislators on key issues of importance to California agriculture. 2017 Government Relations Trip Participants: Harold McClarty (**HMC Farms**), John McClarty (**HMC Farms**), Jon P. Zaninovich (**Jasmine Vineyards**), Albert DeLeon (**Kirschenman Enterprises**), Randy Giumarra (**Giumarra Vineyards Co.**), Melissa Poole (**Wonderful Company**), Toni Scully (**Scully Packing**), Pat Ricchiuti (**P-R Farms**), Kevin Herman (**The Specialty Crop Company**), Shaun Ramirez (**The Specialty Crop Company**), Doug Hemly (**Greene & Hemly, Inc.**), Bill Chandler (**Chandler Farms**), Carol Chandler (**Chandler Farms**), Steve Hash (**Steve Hash Farms**), and Joe Garcia (**Jaguar Farm Labor Contracting**).

ANNUAL FRUIT DELIVERY

CFFA President, George Radanovich, and Association staff members, Ian LeMay and Chris Valadez, traveled to Sacramento on August 10th for the California Fresh Fruit Association's Annual Fruit Delivery, which provide legislators, regulators and legislative staff with a reminder of the value of our fresh grape and deciduous tree fruit communities.

For 2016, state leaders were presented with an Association branded lunch pail, delicately packed with delicious fruit. More than 150 fruit deliveries were made, covering the Capitol and various regulatory agencies, including the California Department of Food & Agriculture, Agriculture Labor Relations Board and the California Environmental Protection Agency.

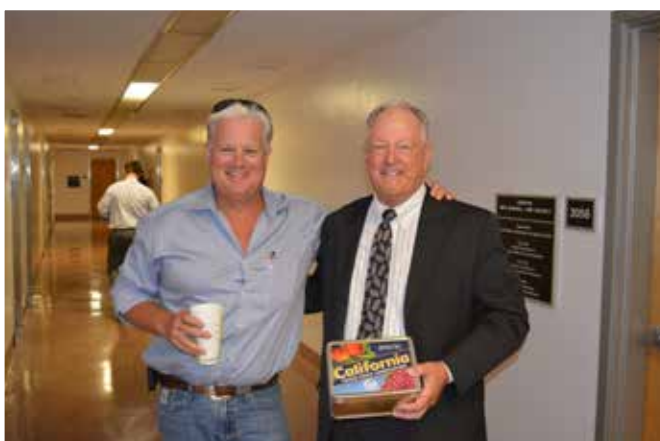
We would like to extend a special thank you to our Association members who donated produce for our Annual Fruit Delivery – Louis Pandol (**Pandol Bros., Inc.**), Ryan Zaninovich (**V.B. Zaninovich & Sons, Inc.**), Jon P. Zaninovich (**Jasmine Vineyards**), Harold McClarty (**HMC Farms**), David Jackson (**Family Tree Farms**) and Mike Jackson (**Kingsburg Orchards**).



Top Left: CFFA President, George Radanovich, and CFFA Director of Environmental & Regulatory Affairs, Chris Valadez, deliver fruit to Governor Brown.

Top Right: 2016 Annual Fruit Delivery Lunch Pail.

Bottom Right: CFFA President, George Radanovich, delivers fruit to Assemblymember Cheryl Brown (D-Rialto).



Bottom Left: CFFA President, George Radanovich, delivers fruit to State Senator Andy Vidak (R-Hanford).

Marketing & Trade

CHINA DRAFT IMPLEMENTING RULES FOR THE 2015 FOOD SAFETY LAW

On December 9, 2015, the China Food and Drug Administration (CFDA) released the "Draft Implementing Rules for the 2015 Food Safety Law" for public comment. This was the most important, far reaching and trade impacting measure that CFDA has ever released. This measure would have an impact on every U.S. food industry that ships to China.

In late December 2015, USDA circulated a translated version of the measure to U.S. agricultural industry groups with a request for comments that would be incorporated into the final official comments from the U.S. government to China. The official U.S. government comments that were delivered to China, just after the New Year were one of the few foreign government comments that met China's deadline.

The U.S. Department of Agriculture, in coordination with the Office of the U.S. Trade Representative, requested through senior-level channels that China notify the draft measure to the World Trade Organization (WTO).

In February 2016, USDA requested that industry provide additional comments to strengthen those previously submitted by USDA. USDA combined these comments into a second set of official comments that were delivered to China.

General provisions within the draft identify that China's Food and Drug Administration (FDA) were developed pursuant to the Food Safety Law of China. FDA authorities and other authorized authorities shall conduct random sampling tests to foods, food additives and food-related products.

This includes provisions under China Inspection and Quarantine Services (CIQ), under the Food Safety Law oversight of imports and exports. Once products enter the Chinese domestic market FDA will implement inspections and sampling tests. Foreign food producers, exporters or agents that export food products to China shall take effective measures to prevent harm to edible agricultural products.

Additional points addressed within comments from industry;

- Creates multilevel regulatory authority allowing regions to expand upon or identify areas to implement improvements. Incentivizing government and regional inspectors to increase food-safety based surveillance of foods.

- Grants authority to implement oversight measures for imported foods if there are food or public health "incidents" in a foreign market, including the publication of food safety alerts, detention and testing of products upon import and even rejection or banning of certain shipments.

- County and above level food and drug administrators could impose administrative punishment pursuant to "serious cases" when producing or distributing food or food additives two times the food safety standard limits in content of pathogenic microorganisms, pesticide residues heavy metal contaminants and other substances which may possibly harm human health.

CFFA submitted substantial comments regarding the draft, in addition to underscoring the importance of China's need to notify WTO of these implementing measures.

While these implementing measures are in draft form, without an anticipated time for adaption under formal rule, concerns exist that may impact trade with China. The USDA Foreign Agricultural Service (FAS) Agricultural Technical Advisory Committee (ATAC) for Trade in Fruits and Vegetables is a committee of appointees with the objective to advise, consult or make recommendations to the secretary of Agriculture and the U.S. Trade Representatives on matters that are of mutual concern to U.S. stakeholders on trade policy activities.

ATAC included the issue of China's Draft Implementation Rule to the agenda and were discussed in the meeting scheduled in April 2016. CFFA and several other agricultural trade groups have appointed positions within this committee.

CFFA will continue to provide updates to members regarding issues that may impact trade with foreign agricultural trade partners.

Market access and competitiveness at the domestic and international levels are both of the utmost importance to growers, shippers and marketers of California fresh fruit. The Marketing & Trade Committee focuses on issues that could affect this aspect of the membership's operations, including the Farm Bill, Mexico Stone Fruit Export Program, phytosanitary measures, PACA regulations, produce traceability initiative (PTI) and foreign trade issues, including MRLs. The Committee also handles transportation issues, including interstate commerce commission regulations, railroad operating practices, loading rules and claim procedures.

USDA PESTICIDE DATA PROGRAM STAKEHOLDER MEETING



The Pesticide Data Program (PDP) was established in 1991, as part of a Presidential Food Safety Initiative and was established by the Agricultural Marketing Act of 1946 and the Food Quality Protection Act of 1996.

USDA Agricultural Marketing Service (AMS) helps ensure the quality and fair marketing of U.S. agricultural products. The AMS Monitoring Programs Division directs and oversees the PDP, a national pesticide residue database program.

PDP tests both fresh and processed fruit and vegetables, grains, dairy, meat, poultry and other specialty food items such as infant formula, fish, nuts and others for pesticide residues. Both organic and conventional fruit and vegetables are a part of the testing. PDP collects data to provide statistical representation of pesticide residues present in the food supply. PDP is not designed for enforcement of U.S. Environmental Protection Agency (EPA) pesticide residue tolerances. PDP informs the U.S. Food and Drug Administrator (FDA) if residues detected exceed the EPA tolerance established. In instances where a PDP finding is extraordinary and may pose a safety risk, FDA and EPA are immediately notified.

PDP maintains an electronic database that includes product information (country of origin, distributor, etc.). USDA prepares annual summaries of the PDP data that are available on the website. In addition to EPA, data are used by FDA, academic institutions, food processors, environmental interest groups and other food safety organizations to examine pesticide residue issues that may affect agricultural practices and domestic or international trade.

The PDP annual summaries consistently show that 99 percent of sampled products had residues below EPA tolerances. The PDP data demonstrates that overall pesticide residues found on foods tested are at levels below the tolerances established by EPA and pose no safety or health concerns. Based upon this comprehensive analysis the general public, consumers and interest groups should feel confident about eating a diet rich in fresh fruits and vegetables available to them within the U.S.

On September 25th, the PDP hosted its first Stakeholder meeting in Washington D.C. in an effort to reach out and receive the perspectives of the stakeholder community regarding its critical tools and to help in examining and prioritizing its activities and objectives in order to continue to provide critical pesticide residue data. CFFA Director of Trade, Marcy Martin participated in the stakeholder meeting and commended the PDP activities, its benefits to promoting U.S. agricultural commodities and food safety, but also encouraged PDP to seek out additional mediums (media campaign) to assist by providing consumers and the general public the education to allow for greater interpretation to counter the often misleading or deceptive analysis from groups that misuse the results and develop lists targeting commodities to avoid at the detriment to sound science or responsibility to truth in reporting.

MALAYSIAN FRUIT FLY – NEW QUARANTINE

In January 2016, a portion of Los Angeles (L.A.) County was placed under quarantine for the Malaysian fruit fly following the detection of two adult female flies within the Westchester area. This is the first quarantine for this pest in the history of the continental United States. USDA, L.A. County Agricultural Commissioner and CDFA are working collaboratively with residents on this project.

The Malaysian fruit fly is known to target over 59 different fruit, vegetable and plant commodities. Important California crops at risk include tomatoes, peppers, melons, eggplants and possibly pomegranates.



The quarantine area within L.A. County measures 74 square miles and is located within the quarantine zone for Oriental fruit fly.

To eradicate fruit fly infestations, properties within 200 meters of the detection are being treated with fruit fly bait with a pesticide. Additionally, fruit removal will occur within 100 meters of the detection property in order to remove any fruit infested with eggs/larvae. Trapping will end when 3 lifecycles are complete without any further detections.

All fresh fruits that are hosts of fruit fly species are subject to the U.S. general requirements for production, packing or storage within fruit fly quarantine areas. Shippers and exporters of host commodities should monitor this issue throughout the coming season. CFFA will provide periodic updates to alert members to any changes.

Environmental Resources

IRRIGATED LANDS REGULATORY PROGRAM REVISIONS

The State Water Resources Control Board (State Board) announced a solicitation for comments on proposed revisions to agricultural waste discharge requirements for the Eastern San Joaquin River Watershed. The requirements are designed to protect groundwater and surface water from pollutants including excess nitrogen and other chemicals in fertilizers, herbicides and pesticides.

The proposed order, if adopted by the State Board, would revise the Eastern San Joaquin Agricultural General Waste Discharge Requirements issued by the Central Valley Regional Water Quality Control Board (Central Valley Water Board) in 2012 and would also serve as precedent for protecting water quality in irrigated lands programs throughout the state.

While the proposed order upholds some of the provisions in the Central Valley Water Board's waste discharge requirements, such as using a structure based on coalitions of farm interests working together to comply with the requirements and using management practices to reach compliance, it adds several significant revisions, including:

Uniform reporting requirements that are not based on a field being in a high/low vulnerability area; third-party to provide the data submitted by the members to the Central Valley Water Board (previously only an aggregation of the data was submitted); Each farm will be required to monitor its drinking water wells

Staff has met with State Board representatives to discuss numerous concerns, including exposure resulting from field-level reporting. CFFA will remain engaged in all conversations.



The Environmental Resources Committee is one of the most active CFFA groups, due to the intense regulatory pressure that exists in California. Some of the issues targeted include: regulation of air quality, Food Safety Modernization Act and water quality regulations (i.e. Irrigated Lands Program), water discussions, energy issues and pesticide use.

PRODUCED WATER FOR CROP IRRIGATION

The Regional Water Quality Control Board (Region 5) convened a food safety expert panel to assess whether use of produced water poses human health concerns. The panel has met twice and has argued back and forth about the scope of work. Some believe their role is to assess what's required under the Regional Board's Waste Discharge Requirement(s) permit respecting water quality standards and determine if the required water sampling has revealed whether any food safety concerns exist. Others believe there exist outstanding questions over the level of protection from U.S. Environmental Protection Agency's drinking water standard.

Produced water, that which largely is brought to the surface as a result of oil and gas well stimulation is filtered, ponded, and blended with surface and/or groundwater before it's made available to any farm within irrigation districts currently accepting it (Cawelo WD and North Kern Water Storage District). Some on the panel appear to be there to cast doubt, in order to expand the scope of work, under the guise of food safety, to include full disclosure for all chemicals used during oil and gas well stimulation.

The end result will be a decision by the Regional Water Quality Control Board to leave alone or amend the WDR permit to require testing for additional constituents. At present, toxicological examinations performed by a third-party toxicologist on commodities grown with produced water confirmed for grapes, and now citrus, that there is no detectable difference between commodities grown using some produced water within the accepting water district territories and without in districts that do not use produced water. The Association has responded to media calls concerning use of this water and has defended its use, as based on the absence of discernable food safety issues.



RISK/SCIENCE BASED ACCOUNTABILITY

On May 27, 2015 the U.S. Environmental Protection Agency (EPA) published a "Proposal to Mitigate Exposure to Bees from Acutely Toxic Pesticide Products". Growers, pest control advisors and the crop protection industry are fully supportive of mitigation and stewardship efforts to protect bees from pesticide use where toxicity is an issue, however this must follow a scientific and risk based process for identifying and evaluating potential concerns. Conversely, the EPA proposal is not risk based and further prohibits use of most of the effective insecticides on crops in bloom.

The EPA proposal to prohibit a list of 76 active ingredients from foliar applications to sites where bees are on-site for commercial pollination services; from the onset of flowering until flowering is complete when bees are on-site and under contract, has a potential to negatively impact the use of control action guidelines that determine when management actions are necessary to prevent crop losses to pests or other stresses.

In response to the attention from the EPA proposal registrants reached out to several agricultural trade associations, including CFFA, to discuss strategy and the development of commodity specific responses to the proposed. CFFA's comments included identifying concerns of the 'prohibition of applications of these pesticides during bloom on crops with contracted pollination services' is without exceptions and may put growers in the position of not being able to protect their crop from a pest infestation, no matter how infrequent, even if the grower and beekeeper have established successful practices in the past. Additionally, noting that for decade's growers and pest control advisors have worked in collaboration with their beekeepers to help ensure no adverse effects will occur where there are managed bee colonies. This proposal would eliminate the opportunity for continuing collaboration and communication as part of a successful pollinator health strategy. While this is perhaps the most immediate concern of the EPA Proposal, there are other areas where serious precedents are being set, such that, Integrated Pest Management (IPM) based strategies employed by California's producers could be placed in jeopardy.

It is critical for growers and pest control advisors to have available the most effective compounds as it reduces the likelihood of problems with resistance, pest resurgence and/or secondary pest out-breaks. CFFA continues to promote and support that individual states develop and/or voluntarily adopt strategies in the effort to reduce potential hazards of pesticide exposures to pollinators while continuing to support individual crop needs.



ETHEPHON

U.S. Environmental Protection Agency (U.S. EPA) published its human health and environmental fate risk assessments as part of the ethephon reregistration process. A conference call was held with ethephon registrants to discuss U.S. EPA's proposal for risk mitigation and to seek registrant input before finalizing their proposed registration decision eliminating grapes from the label. The U.S. EPA identified there to be a risk of concern for dietary exposures of ethephon to children ages 1-2 years of age. Juice from grapes is the major risk of concern. Table Grapes – based on the latest use report identified there are an average of 1300 applications of ethephon across 53,000+ acres of table grapes.

The use of Ethephon in grapes is being challenged by the U.S. EPA, and ADAMA USA, the single registrant willing to maintain grapes on the label worked with CFFA in an effort to retain the commodity. CFFA submitted extensive comments to the U.S. EPA in response to the published risk assessments outlining the impacts to California's table grape producers from the potential loss of ethephon.

In follow up to CFFA comments and further discussions with the ethephon registrant and U.S. EPA regarding the agency's published human health risk assessment, CFFA received a final decision from the chemical review manager confirming that, following a more refined review of the Pesticide Data Program (PDP) residue files for grapes, they agree that the risk level is below the level of concern. The agency's human health division will revise the risk assessment and eliminate concerns within the publication that residues associated with fresh grapes contribute to the dietary concern (concentrate/juice) in children 1-2yrs of age.

TOWNSHIP CAP

DOW AgroSciences reached out to CFFA to discuss their ongoing conversation with California's Department of Pesticide Regulation over possible changes to the township cap for 1,3 Dichloropropene (Telone). The township cap currently sits at just over 90,000 pounds, but it can rise to 180,000 pounds if there are enough unused banked credits for use within a township. Activist organizations are calling on DPR to make changes to the township cap by eliminating the ability to use banked credits, which allow up to 180,000 pounds to be used in a township. Also, DPR is being called on to abandon its over 20 year use of assessing hypothetical cancer risk at 1:100,000 and instead add a 10x safety factor to move acceptability for hypothetical risk up to 1:1,000,000. As part of the revised assessment, DPR has consulted with California's Office of Environmental Health Hazard Assessment, which is suggesting DPR based exposure risk upon proximity to an area with the highest uses and with no mobility for a 70 year period. DOW is requesting DPR use survey information collected from highest use areas (sweet potatoes in Merced Co. and strawberries in Ventura County), which suggests a 30 year residency average as the basis for calculating exposure duration. CFFA, in conjunction with other allied interests, submitted a comment letter illustrating concerns over potential changes to the township cap.

Standards & Packaging

GRAPE MARKET INSPECTION INSTRUCTIONS

In August of 2016, the California Fresh Fruit Association and the **California Table Grape Commission** were contacted by Olivia Vernon, a standardization specialist from the USDA Agricultural Marketing Service. Ms. Vernon had recently been tasked with reviewing and updating the Grapes Market Inspection Instructions and was inquiring with our two organizations for any recommendations. Association and Commission staff met with Ms. Vernon to review the document, upon which Association and Commission staff encouraged Ms. Vernon to consider only making minor changes.

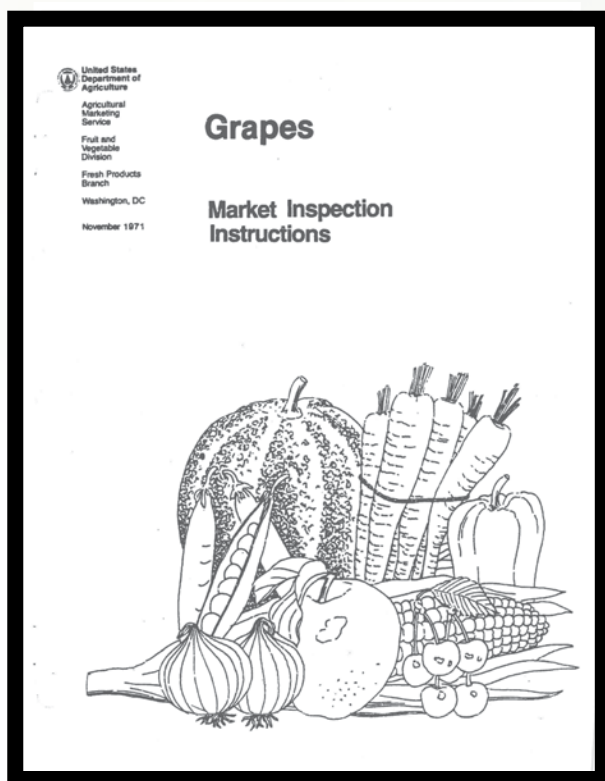
CFFA recently received the updated draft document and is currently reviewing it to identify any pertinent changes. The Association will continue working with USDA and will keep members updated on any advancement.

MINIMUM WEIGHT OF CONTAINERS OF BAGGED TABLE GRAPES

Currently, under California Code of Regulations, section 1436.30 Table Grapes, Marking Requirements, every nonconsumer container of grapes shall be marked with the following (4) the net weight statement of 21 pounds. If grapes are packed in areas located east of a line extending north and south through White Water, and that area located east of the 115 Meridian, including the Coachella Valley, the container shall be marked "20 pounds". These weight markings are not required on standard container number 28, or containers with bunches of grapes which are completely wrapped. This means that the weight requirements are not required when grapes are packed in bags, unless subject to the marketing order established by the desert producers.

The committee received an inquiry into the potential support from other table grape producers to develop and implement a minimum weight standard for containers of bagged grapes and to adopt a minimum weight of 18 pounds within the California standard.

This item was previously discussed by the Board of Directors in November 2014. The committee is once again working with the Board of Directors to identify whether there is widespread industry support, as necessary to support a petition to amend the regulations.



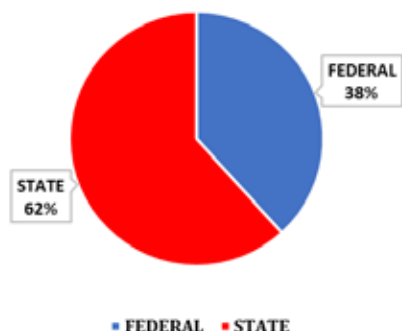
PACKAGING & LABELING SUMMARY

Members frequently contact the Association with questions regarding packaging and labeling requirements, subject to either state or federal regulation. To assist members in complying with those regulations, staff developed and updates a packaging and labeling guide of all relevant requirements for the commodities covered by Association membership.

FruitPAC

FruitPAC is the Association's Political Action Committee, which generates its support from member participation at three annual events—the Harvest Event in the fall, the Annual Meeting Raffle in the spring and the positive check-off program, through which members may authorize up to eight percent of their membership assessments and dues to be contributed to support FruitPAC and lobbying expenses. All contributions are authorized by FruitPAC's Board of Directors.

2016 FRUITPAC CONTRIBUTIONS



CHAIRMAN

John D. Zaninovich, **Merritt Farms**

VICE CHAIRMAN

Moe DiBuduo, **DiBuduo Fruit Company**

SECRETARY

David Jackson, **Family Tree Farms**

BOARD MEMBERS

Ken Enns, **Ken Enns**

Kevin Herman, **The Specialty Crop Company**

Herbert Kaprielian, **CRJ Farming Co. LP**

Louis Pandol, **Pandol Bros., Inc.**

Cliff Sadoian, **Cliff Sadoian & Associates**

FRUITPAC HARVEST EVENT

110 guests were in attendance at the 37th Annual Harvest Event Reverse Raffle Drawing held at the Vintage Press Restaurant in Visalia on Friday, October 21. Doug Phillips (Phillips Farms) and Jerry DiBuduo (SunValley Farms) were the owners of the final two tickets pulled and split the \$5,000 grand prize. Doug Benik (Doug Benik Farms) was the lucky winner of the \$1,000 consolation prize.

In total, a dozen terrific prizes were awarded and the Harvest Event was a huge success, largely due to the generosity and participation of the Association members who purchased tickets. The staff at the Vintage Press, under the direction of David and Greg Vartanian, provided great service throughout the reception and dinner.

FruitPAC offers sincere gratitude to gift donors, The Monarch Beach Resort, Dana Point; Hyatt Regency, Sacramento; Monterey Plaza Hotel & Spa; and **Zenith Insurance Company**. As well as a special thank you to the Associate members who helped to make this year's event possible through their generous support:

GOLD SPONSORS

C.H. Robinson; Dow AgroSciences, LLC; Pacific Gas & Electric Company; Snowden Enterprises, Inc.; Syngenta Crop Protection; and Vintage Nurseries

SILVER SPONSORS

Fruit Grower Supply; Pan American Insurance Agency – An Ascension Company; and Styrotek, Inc.



Year in Review



CFFA & STONE FRUIT SHIPPER MEMBERS HOST CHINESE DELEGATION

CFFA, on behalf of the stone fruit industry, hosted representatives from the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ). The focus of the visit was to expand market access for California Nectarines into the Chinese market. Currently, access is limited to plums.

The delegation from China, along with CFFA staff, toured orchards, packing houses and met with state and county agriculture officials as part of the official site visit.

The Association would like to thank members **HMC Farms, Family Tree Farms, Kingsburg Orchards, Sun Valley Packing, and SunWest Fruit Company, Inc.** for participating in the efforts to broaden access within the Chinese market.



Bottom Left: CFFA Annual Golf Tournament winners Billy Wofford (**JBT Foodtech**); Bruce Carter (**Calpine Containers, Inc.**); & Jim Stilwell (**Bari Produce**) posed with tournament chairman, Nick Buratovich, Jr. and member of the golf committee, John Atwood (**PPS Packaging Co., Inc.**)

Bottom Right: Golfers signing in at the CFFA 46th Annual Golf Tournament.



Top Left: Dr. Frank Luntz addresses attendees at the CFFA 81st Annual Meeting in Dana Point.

Top Right: For the second year in a row, Mike and Lori Jackson (**Kingsburg Orchards**) won our Annual Bocce Ball Tournament. Second-place winners, Travis Seymore & Dave Premo.

Middle Left: Suppliers Committee Chairman, Chad Gregerson (**Michelsen Packaging Co.**), presents Supplier of the Year Award to Marcia Shafer (**Zenith Insurance**).

Middle Right: Future CFFA Board Members Luka & Anton Zaninovich (**Marko Zaninovich, Inc.**), help with the FruitPAC Raffle.

Bottom Left: CFFA Board Member Verne Crookshanks (**Venida Packing**) is honored with the prestigious Lifetime Achievement Award.

Bottom Right: CFFA President George Radanovich addresses attendees at the CFFA 81st Annual Meeting.



Legislative Review

ENVIRONMENTAL RESOURCES:

SB 32 (Pavley): California Global Warming Solutions Act of 2006: emissions limit. OPPOSE

Summary: Would require the State Air Resources Board to ensure that statewide greenhouse gas emissions are reduced to 40% below the 1990 level by 2030.

Outcome: Passed out of the Assembly 48-31; Passed out of the Senate 25-13. Signed by the Governor September 8, 2016.

SB 1282 (Leno): Pesticides: neonicotinoids: labeling. OPPOSE

Summary: Would require, on and after July 1, 2017, labeling of commercially available seeds and plants sold at retail establishments, excluding noxious weed seeds and plants that have been treated with a neonicotinoid pesticide. Would, by January 1, 2018, prohibit the noncommercial use of neonicotinoids

Outcome: Defeated in the Senate 15-18.

SB 1317 (Wolk): Groundwater extraction permit. OPPOSE

Summary: Would prohibit a groundwater extraction facility in a high- or medium-priority basin from being developed without a valid groundwater extraction permit, with certain exceptions. Would not require a city or county overlying a medium- or high-priority basin to have a process for the issuance of a groundwater extraction permit for the development of a groundwater extraction facility on or after January 31, 2022, or once the department has evaluated a groundwater sustainability plan for the basin the city or county overlies and determined the plan to be adequate and likely to achieve the sustainability goal for the basin, whichever comes first.

Outcome: Held in the Assembly; not brought up for a vote.

SB 1383 (Lara): Short-lived climate pollutants: methane emissions: dairy and livestock: organic waste: landfills. OPPOSE

Summary: Would require the Air Resources Board, no later than January 1, 2018, to approve and begin implementing comprehensive strategy to reduce emissions of short-lived climate pollutants to achieve a reduction in methane by 40%, hydrofluorocarbon gases by 40%, and anthropogenic black carbon by 50% below 2013 levels by 2030. Would establish specified targets for reducing organic waste in landfills, no later than January 1, 2018, to approve and begin implementing comprehensive strategy to reduce emissions of short-lived climate pollutants to achieve a reduction in methane by 40%, hydrofluorocarbon gases by 40%, and anthropogenic black carbon by 50% below 2013 levels by 2030.

Outcome: Passed out of the Assembly 44-24; Passed out of the Senate 25-12. Signed by the Governor September 19, 2016.

LABOR COMMITTEE:

AB 1066/AB 2757 (Gonzalez): Agricultural workers: wages, hours, and working conditions; OPPOSE

Summary: Enacts the Phase-In Overtime for Agricultural Workers Act of 2016. The Act would remove the exemption for agricultural employees regarding hours, meal breaks, and other working conditions, including specified wage requirements, and would create a schedule that would phase in overtime requirements for agricultural workers over the course of 4 years, from 2019 to 2022, inclusive. Beginning January 1, 2022, the bill would require any work performed by a person employed in an agricultural occupation in excess of 12 hours in one day to be compensated at the rate of no less than twice the employee's regular rate of pay. The Act would provide employers who employ 25 or fewer employees an additional 3 years to comply with the phasing in of these overtime requirements. Would authorize the Governor to delay the implementation of these overtime pay provisions if the Governor also suspends the implementation of a scheduled state minimum wage increase, as specified.

Outcome: The original version of the bill, AB 2757 (Gonzalez) was defeated in the Assembly 38-35. AB 1066, introduced soon after the defeat of AB 2757, passed out of the Assembly 44-32; Passed out of the Senate 21-14. Signed by the Governor September 12, 2016.

AB 2535 (Ridley-Thomas): Employment: wages: itemized statements; SUPPORT

Summary: Current law requires an employer to provide his or her employee an accurate, itemized statement in writing containing specified information, either semimonthly or at the time the employer pays the employee his or her wages. This bill would exempt from that requirement for information on total work hours an employee exempt from payment of minimum wage and overtime under specified statutes or any applicable order of the Industrial Welfare Commission.

Outcome: Passed out of the Assembly 76-0; Passed out of the Senate 37-0. Signed by the Governor on July 22, 2016.



*This is only a partial list of bills supported and opposed during 2016/17. For a full list, please contact the Association office.

CFFA Partnerships

The Association employs a collaborative approach to maximize its effectiveness by working together with other agricultural organizations and associations on issues that affect our members. Below are the group efforts in which the Association participated this year.

CENTER FOR PRODUCE SAFETY

Description: An effort to support best practices and food safety research.
2016 Contribution: \$100,000

AGRICULTURAL PRESIDENTS' COUNCIL

Description: To coordinate public policy issues among California agricultural associations and commissions.
2016 Contribution: Included in the Association's regular government relations expenses

AGRICULTURAL COALITION FOR IMMIGRATION REFORM

Description: To serve as a leading advocate, seeking legislative reform addressing the short and long-term labor needs of the nation's agricultural interests.
2016 Contribution: \$10,000

AIR COALITION TEAM

Description: Agricultural organizations that work together on issues related to air-quality litigation.
2016 Contribution: \$5,000

MINOR CROP FARMER ALLIANCE

Description: An alliance of agricultural organizations dedicated to addressing pesticide registrations.
2016 Contribution: \$10,000

CROP PROTECTION COALITION

Description: Coalition of national, regional and local agricultural organizations seeking to obtain critical-use exemptions for methyl bromide, as well as funding for alternative research.
2016 Contribution: \$5,000

ALLIANCE FOR FOOD & FARMING

Description: Works in the areas of public relations, messaging and outreach related to food safety and pesticide-use related issues.
2016 Contribution: \$10,000

OTHER COLLABORATIVE EFFORTS

California Farm Water Coalition; California Foundation for Agriculture in the Classroom; California Women for Agriculture; The Maddy Institute; National Council of Ag Employers; Pacific Legal Foundation; and Specialty Crop Farm Bill Alliance



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1951/52 William A. Hamilton	1965/66 George Sadoian	1980/81 John Giumarra, Jr.	1995/96 Cliff Sadoian	2010/11 David O. Marguleas
1952/53 William A. Lambert	1966/67 Marion P. Newton	1981/82 James Ruby	1996/97 Steve Biswell	2011/12 Steve Hash
1953/54 Virgil E. Rasmussen	1967/68 Nick Buratovich, Sr.	1982/83 Howard Mason	1997/98 Rick Widhalm	2012/14 Ryan Zaninovich
1954/55 W. C. "Jerry" Day	1968/69 E. L. Barr, Jr.	1983/85 Jack G. Zaninovich	1998/99 Ken Enns	2014/16 David Jackson
1955/56 Martin Zaninovich	1969/70 R. K. Sanderson	1985/86 Darrel Fulmer	1999/00 Nicholas Bozick	
1956/57 Alfred Tisch	1970/71 Robert A. Grant	1986/87 Verne Crookshanks	2000/01 Fred Berry	

CFFA STAFF

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 Marcy L. Martin, Director, Trade
 Christopher Valadez, Director, Environmental & Regulatory Affairs
 Ian LeMay, Director, Member Relations & Communications
 Kayla Cardoza, Associate Director
 Vicky Jones, Bookkeeper
 Erin Ragnetti, Office Coordinator
 Allyson Calderon, Administrative Assistant



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"To fulfill the needs of its membership while serving as the
 primary public policy organization advocating on behalf of fresh
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