



OnTarget

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GOVERNOR NEWSOM EXPANDS DROUGHT EMERGENCY

On May 10th Governor Gavin Newsom announced the expansion of his emergency drought proclamation from April 21st with the addition of 39 California counties. There are now 41 counties under the state of emergency which represents 30 percent of the state's population.

Additionally, as a part of the drought declaration, Governor Newsom announced a proposed a \$5.1 billion package over four years to address immediate drought concerns and provide long-term solutions to California's water reliability.

Of key importance to CFFA membership included in the package:

- \$300 million for the Sustainable Groundwater Management Act (SGMA) implementation to improve water supply security, quality, and reliability.
- \$200 million for water conveyance to address subsidence and the rising cost of moving water through the Friant-Kern Canal, Delta-Mendota Canal, the California Aqueduct, and the San Luis Canal.
- \$266 million for water resilience projects, which supports the voluntary agreements.

For more information on Governor Newsom's plan for water infrastructure, drought response and improved climate resilience, see attached. Contact Director of Government & Public Policy, Adam Borchard (aborchard@cafreshfruit.com) for any questions.

COVID-19 UPDATES

Barsamian & Moody recently put together information on the latest COVID-19 updates for membership to beware of. To access the information, see attached to view the individual articles.

- Litigation Regarding the Obligation to Pay for COVID-19 Screening Time
- Employers Right to Refuse Property Access
- Emergency Technical Standard for Fully Vaccinated Employees

The goal of these articles is to provide employers with current labor and employment law information. The contents should neither be interpreted as, nor construed as legal advice or opinion. The reader should consult with Barsamian & Moody at (559) 248-2360 for individual responses to questions or concerns regarding any given situation.

CONGRESSMAN COSTA LEADS EFFORT TO PROTECT FAMILY FARMS FROM POTENTIAL CHANGES TO CAPITAL GAINS TAX

Congressman Jim Costa (CA-16) along with Representative Cindy Axne (IA-03) has led an effort made up of 13 House Democrats who represent agricultural districts throughout the United States urging the exemption of family-owned farms from any potential changes to the stepped-up basis for capital gains in tax law.

In the letter addressed to House leadership the representatives raise concerns about the potential devastating impact that changes to capital gains taxes would have on family-owned farms. The modifications would require immediate taxation of the property's increase in value, which could force unaffordable tax burdens on longtime family farm operators, many of whom have handed down over multiple generations.

A change 'stepped-up basis' may force farmers to divide up their land may significantly impact the ability for these operations to remain in business. In the letter the members stated "Farms, ranches, and some family businesses require strong protections from this tax change to ensure they are not forced to be liquidated or sold off for parts, and that need is even stronger for those farms that have been held for generations."

The letter was signed by Representatives Axne, Costa, Julia Brownley (CA-26), Cheri Bustos (IL-17), Salud Carbajal (CA-24), Angie Craig (MN-02), Antonio Delgado (NY-19), John Garamendi (CA-03), Josh Harder (CA-10), Kurt Schrader (OR-05), Abigail Spanberger (VA-07), Tom O'Halleran (AZ-01), and Kim Schrier (WA-08). To view the entire letter, please visit <https://costa.house.gov/sites/costa.house.gov/files/05.6.21%20Stepped%20Up%20Basis%20Final.pdf>.

TRANSPORTATION CHALLENGES – NAVIGATING THE ROAD TO 2021



Experts from **C.H. Robinson** provide an update for the current transport market.

Anyone who has been paying attention to the transportation of goods has noticed delays in their own shipments, headlines in mainstream media paying attention to supply chains, and a general heightened awareness of how goods get from point A to point B. There are a number of factors that determine the tension of the transportation market—from available truck drivers to winter weather having a ripple effect, to consumer demand increasing, and the global pandemic shifting priorities.

Seasonal factors that cause the transportation market to tighten, plus new considerations for 2021

Historically, seasonal events bring demand. In a market where base market tension is higher than average, the market can expect to experience tension at higher-than-average levels during each event period. A few additional stressors factor into the equation this year as well.

Seasonal events that cause the market to tighten each spring

The DOT Road Check Week was May 4th to 6th this year, a month earlier than usual. In looking at 10-year averages, this three-day event causes the load-to-truck ratio to spike for more than just the days of the event, as many drivers chose to be off the road or are put out of service to correct violations resulting from inspections. This effectively reduces active capacity in the network. Overlapping with DOT Road Check Week is the beginning of produce harvest season. In an average year, produce harvest season influences spot market pricing for van nationwide upward 5-11%. This year, starting at a point of tension, we might expect the upper ends

of this boundary. A contributing factor is inventory build ahead of the summer food and beverage season that begins with Memorial Day.

How the stimulus is an extraordinary event creating freight demand

In addition to a tight year and normal cyclical events, today's truck market will receive additional freight from three stimulus packages. The amount of freight is not perfectly clear, but all models are working to include anticipated consumer, commercial, and governmental spending. Demand growth does not have the same constraint as supply growth. Supply can't grow at the same level due to the structural limitations of Class-8 truck manufacturers. As such, the order backlog of new tractor supply is growing, and new tractors ordered now will be delivered well into 2022.

Trucking jobs are slow to return

The market expects to see continued upward pressure on driver compensation and bonuses needed to seat the expanding fleet and counter the primary driver demographic trends. We have also confirmed this through voice of carrier surveys and business review conversations. In addition, our carriers report increased focus on shippers of choice, short haul lanes, dedicated fleet strategies, and recognition programs for drivers.

We believe there are challenges to the return of trucking jobs because of four main reasons:

1. There have been several early retirements, likely of the aging population of drivers who either want to avoid the additional stress and complexities during the pandemic, or they are in a position that would compromise their health and wellbeing if exposed to COVID-19.
2. Many truck driving schools are not yet at full capacity, so we know there are not as many new drivers as there could be entering the workforce.
3. The Drug and Alcohol Clearinghouse simplifies background checks and may be finding more drivers ineligible currently for employment.
4. Increasingly impactful is the growing popularity of local driving jobs related to ecommerce as well as construction and warehouse jobs competing with long-haul trucking as an occupation.

To view the entire article, please visit (<https://www.chrobinson.com/blog/the-current-trucking-market-experience-it-is-both-supply-and-demand/>). For more information on C.H. Robinson's transportation offerings, visit chrobinson.com.

KERN COUNTY WATER SUMMIT TO BE HELD ON MAY 25TH



The Water Association of Kern County will host its fifth annual Kern County Water Summit virtually on May 25th from 8 a.m. to 1 p.m.

The summit will focus on California's most critical water issues that impact urban, agricultural, and industrial sectors. It is designed for all community leaders, business owners, and farmers who need to know how important water is to growth and sustainability in the San Joaquin Valley and what challenges water managers face in securing and managing water supplies in California.

The cost to attend is \$75 for WAKC members and \$100 for non-members. Tickets are available by clicking here (www.wakc.com/upcoming-events). For more information, click here/see attached (link to press release). For questions, contact Director of Government and Public Policy Adam Borchard (aborchard@cafreshfruit.com).

IT'S TIME TO RENEW YOUR CFFA MEMBERSHIP



March 1st was the beginning of a new fiscal year for the California Fresh Fruit Association. With that, we are pleased to report that the Association's strength continues to be robust, as reflected by its retention and growth during the 2020/21

FY, in which we welcomed more than 10 new members.

In the coming days, each CFFA member will be receiving your renewal notice in the mail. The Association's goal is to retain all our member companies, as you are all tremendously valued, and CFFA leadership invites you to renew your membership for the 2021/22 fiscal year (3/1/21 through 2/28/22).

It is our sincere desire that you and your company continue to experience the value of CFFA membership!

Please contact our Director of Member Services and Communications, Courtney Razor, (crazor@cafreshfruit.com) with any questions.

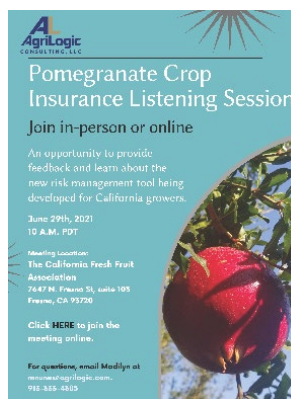
CFFA MEMBERS RECEIVE HONORARY DOCTORATE



CFFA members and owners of **The Wonderful Company**, Stewart and Lynda Resnick, both received honorary degrees from Fresno State. Lynda was awarded a Doctor of Humane Letters and Stewart received a Doctor of Science. For more information, please visit

(<http://www.fresnostatenews.com/2021/04/26/fresno-state-awards-4-honorary-doctorates-for-2021-commencement-season/>).

POMEGRANATE CROP INSURANCE LISTENING SESSION ON JUNE 29TH



AgriLogic Consulting, LLC is hosting a Pomegranate Crop Insurance Listening Session on June 29th at 10 a.m.

The seminar will provide the opportunity for attendees to learn about the new risk management tool being developed for California growers.

Attendees have the opportunity to participate in person or online. The in-person session will take place at the California Fresh Fruit Association office, 7647 N. Fresno St., Ste. 103, Fresno, CA 93720. To participate online, visit

(<https://zoom.us/j/94203618235?pwd=eVB1SFhndDVwKzJwb2dQMXU4ais4UT09#success>). For questions or additional information, contact Madilyn Nunez at mnnunes@agrilogic.com or (913) 333-4385.

CFFA BOARD OF DIRECTORS MEETING SET FOR JUNE 17TH

The California Fresh Fruit Association Board of Directors next scheduled meeting is set for Thursday, June 17th, at the Association office. The meeting will begin at 9 a.m. All RSVP's and questions can be directed to Director of Member Services & Communications, Courtney Razor (crazor@cafreshfruit.com).