

**Fruit and Vegetable Industry Advisory Committee  
Crowne Plaza Washington Airport Hotel, 1480 Crystal Drive, Arlington, VA  
September 8, 2008**

**Draft Minutes**

This summary of the September 8, 2008, meeting requires approval by the full Fruit and Vegetable Industry Advisory Committee. A number of presenters at the meeting used Microsoft PowerPoint slides to convey information; the slides are available for viewing at [www.ams.usda.gov/fv](http://www.ams.usda.gov/fv).

**Attendees:**

**Danny Arnold**, A-W Produce Company; **Gordon Bowman**, Bowman Apple Products; **Wayne Brandt**, Brandt Farms; **Bill Brim**, Lewis Taylor Farms; **Jim Corby**, Food Lion; **Scott Danner**, Liberty Fruit Company; **Matthew D'Arrigo**, D'Arrigo Brothers of New York; **Andrew Deane**, Del Monte Foods; **Joseph DeVerna**, Ocean Spray; **Michael Hollister**, Driscolls; **Helen Masser**, Sterman Masser, Inc.; **Lisa McNeece**, Grimmway Enterprises; **Robert Morrissey**, National Watermelon Association; **Paul Newman**, Rainier Fruit Company; **Mike Stuart**, Florida Fruit and Vegetable Association; **Lisa Strube**, Strube Celery and Vegetable Company; **Jennifer Verdelli**, Verdelli Farms; **Rebecca Wilson**, Tom Lange Company; and **Robert Keeney** (Executive Secretary) and **Andrew Hatch** (Designated Federal Official), USDA Agricultural Marketing Service

**Absentees:**

**Fred Caito**, Caito Foods Service; **A.G. Kawamura**, California Department of Food and Agriculture; **Charles Ciruli, Jr.**, Ciruli Brothers/Amex Distributing Company; **John Millwater**, Fresh Express; **Luis Monterde**, B&M Blueberries; **Dan Richey**, Riverfront Growers/Riverfront Packing; and **Larry Yonce**, J.W. Yonce and Sons

**Observers:**

Caralea Arnold – Cornucopia Institute  
Bruce Blanton – USDA Agricultural Marketing Service  
Nancy Chapman – Apple Processors Association  
Cynthia Clifton – Produce Marketing Association  
Terry Councell – USDA Agricultural Marketing Service  
Lorelei DiSogra – United Fresh Produce Association  
Mike Durando – USDA Agricultural Marketing Service  
Paul Esposito – Railex  
Nancy Foster – U.S. Apple Association  
Matt Kamphoefner – USDA Risk Management Agency  
Tom Karst – *The Packer*  
Diane Kurrie – U.S. Apple Association  
Audrina Lange – USDA Agricultural Marketing Service

Terry Long – USDA Agricultural Marketing Service  
Mike Morrelli – USDA Agricultural Marketing Service  
Tom O'Brien – O'Brien DC  
Laura Phelps – American Mushroom Institute  
Shannon Shepp – Florida Department of Agriculture  
Leanne Skelton – USDA Agricultural Marketing Service  
Bruce Summers – USDA Agricultural Marketing Service  
Lorenzo Tribbett – USDA Agricultural Marketing Service  
Jimmie Turner – USDA Agricultural Marketing Service

This was the Advisory Committee's second meeting after the Department of Agriculture (USDA) issued it a new 2-year charter in May 2007 and appointed new members. USDA's Agricultural Marketing Service convened the meeting at the Arlington II Conference Room of the Crowne Plaza Washington National Airport, 1480 Crystal Drive in Arlington, VA.

### **September 8, 2008**

At 8:05 a.m., Advisory Committee Chairman Wayne Brandt called the meeting to order. USDA's Andrew Hatch explained the contents of the packets provided to each member, and then led the Advisory Committee and meeting observers through introductions. Each packet contained printouts of the day's PowerPoint presentations, written responses to the Advisory Committee's 60 recommendations, plus a letter from Joan Levin, urging them to recommend a reasonable exception so that organic and small scale California almonds producers can market their untreated products without contradicting the Almond Board of California recently enacted regulation requiring treatment of raw almonds. The Advisory Committee then approved without further changes the minutes that summarize its previous meeting, held on February 7-8, 2008, in Washington, D.C.

### **Comments from Observers**

Mr. Hatch introduced the "Comments from Observers" portion of the agenda by inviting a Cornucopia Institute representative, Caralea Arnold, who spoke on the issue of collateral damage new regulations have on family-scale fresh market producers, and the practices (i.e., planning models and record-keeping for adherence to federal standards) that local and/or organic producers already employ to minimize the contamination risks associated with their produce items. Ms. Arnold: (1) conveyed the Cornucopia Institute's request that any further discussion of voluntary or mandated protocols be accompanied by consideration of the needs of niche market growers; (2) encouraged the Advisory Committee to enter into a dialogue with organizations representing the interests of local and organic growers; and (3) raised the issue of a lawsuit filed earlier that same week by the Cornucopia Institute, challenging the legality of USDA's and the Almond Board of California's almond pasteurization directive and seeking a compromise to exempt small and organic producers.

Lorelei DiSogra, from the United Fresh Produce Association, provided a status report on the Fruit and Vegetable Snack Program and the 2009 Child Nutrition Reauthorization. As a result of the 2008 Farm Bill, the Fruit and Vegetable Snack Program is expanding so that \$49 million worth of fresh produce can reach 1 million students in 1,300 schools this year in every state, the District of Columbia and a number of territories. Dr. DiSogra highlighted that the thresholds will increase in 2009 to \$65 million, in 2010 to \$101 million, each time reaching more students. The Child Nutrition Reauthorization, which is reauthorized every five years, is set to expire on September 30, 2009, and she said, has no timetable for reauthorization but is currently a top priority of the Senate's Agriculture Committee and the House's Education and Labor Committee when they each reconvene. Dr. DiSogra also highlighted her organization's priorities that include championing: (1) a policy for a salad bar in every U.S. school; (2) an expansion of commodity purchases for fresh and fresh-cut fruits and vegetables for school meals; (3) a dedication of \$10 million for non-food assistance grants for schools to purchase refrigerators and salad bar equipment that will help them achieve produce consumption levels prescribed in the Dietary Guidelines for Americans; (4) a doubling of funding to the Department of Defense (DoD) Fresh Program; (5) an increase to schools' reimbursement rate to counteract some schools cutting back on fruits and vegetables due to financial reasons and rising food costs; and (6) the revision of nutrition standards for competitive foods sold in schools to rid them of "junk" food. A question-and-answer session resulted in clarification of the DoD Fresh Program and on the necessity of doubling the current \$50 million allotment, and of the Fresh Fruit and Vegetable Snack Program's qualifications that participating schools have at least 50 percent or more of students eligible for free or reduced priced meals.

### **2008 Farm Bill Overview**

The USDA Agricultural Marketing Service's Robert Keeney, who is also the Advisory Committee's executive secretary, summarized a number of the 2008 Farm Bill provisions that impact specialty crops. Mr. Keeney said that the Specialty Crop Block Grant Program, for which he is responsible, was funded at an increased amount of \$10 million in 2008, \$45 million in 2009, and \$55 million in 2010, 2011 and 2012. For this program, Mr. Keeney encouraged Advisory Committee members to work with their state contacts to enhance the projects being proposed. The Farm Bill, Mr. Keeney said, will also: (1) continue the DoD Fresh Program for another five years; (2) direct the Agricultural Research Service to implement the Specialty Crop Research Initiative; (3) increase funding levels of the Foreign Agricultural Service's Technical Assistance for Specialty Crops Program; (4) prioritize federal research activities for specialty crops, which fall under a number of USDA agencies; (5) expand USDA purchases of fruits and vegetables by an additional \$190 million this year and subsequent years for schools and other outlets; and (6) set the framework for the Country of Origin Labeling program. He encourages industry members to submit comments on the Country of Origin Labeling Program to the Agricultural Marketing Service by September 30, 2008, so they can be considered prior to finalizing the regulations by the beginning of 2009.

### **Market News Reporting of Organic Markets**

The USDA Agricultural Marketing Service's Terry Long summarized his program's venture into reporting market prices and movement data of organically grown fruit and vegetables. To provide context, Mr. Long described the Agricultural Marketing Service's 94 years of experience issuing Market News reports on conventionally grown fresh fruits and vegetables traded at shipping point and terminal market levels. Mr. Long then described a new report begun in the last year: the *National Fruit and Vegetable Retail Report*, which is a weekly market account of advertised specials on fruits and vegetables from 200 retailers' websites representing the entire country. One emphasis of his presentation was the Agricultural Marketing Service's multi-year agreement with the Risk Management Agency to segregate organic price and movement information from that of conventionally grown fruits and vegetables, which was a mandate of the 2002 Farm Bill. To accomplish that goal, the Risk Management Agency provided funding that enabled the Agricultural Marketing Service to expand its database capacity to accommodate more organic data, along with greenhouse-grown, and to segregate that data from conventionally grown fruits and vegetables for easy retrieval. In the 2008 Farm Bill, Commodity Credit Corporation funding was allocated to jumpstart or expand organic reporting for more products and in more markets. With those additional resources, Mr. Long and his staff are tracking and reporting 103 organic products traded at 15 terminal markets, plus 21 organic commodities at shipping point. During a question-and-answer segment, Mr. Long clarified that higher than 90 percent of targeted produce marketers voluntarily provide information to Market News reporters, and that stores that require membership are excluded from the report of weekly advertised retail specials.

### **Crop Insurance Programs**

The USDA Risk Management Agency's Matt Kamphoefner started by describing the organizational structure of his agency, along with the responsibilities of individual regional/national offices, and then conveyed his agency's working definition of "specialty crops," which was defined as neither livestock nor one of the 10 major crops (corn, soybeans, wheat, upland cotton, barley, grain sorghum, rice, tobacco, peanuts or potatoes). USDA's Cooperative State Research, Education and Extension Service, he said, is putting together a taskforce that will devise a definition for "specialty crops" that will be used in the future throughout the Federal Government. Mr. Kamphoefner highlighted the role of the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board); the role of private contractors who perform research and development for the Risk Management Agency; the Board review and approval process; the distinction between "regulatory" and "pilot" programs; and the difference between internally developed products and products that are developed under the 508(h) process. Additionally, he discussed the pilot to regulatory conversion process and mentioned several pilot products that had been terminated for various reasons including: excessive losses, lack of participation or policy design issues. Some current programs offering

coverage to specialty crop growers include: (1) the Actual Production History (APH) plan of insurance that insures a producer's crop based on individual historical yields in 5 percent increments from 50 to 75 percent; (2) the Adjusted Gross Revenue (AGR) program that is targeted toward diversified whole-farm fruit and vegetable-type growers but which does require intensive record-keeping; and (3) the Dollar Plan of insurance which is a county-based guarantee and may not be able to offer a level of coverage that is meaningful to all growers. Mr. Kamphoefner indicated that many new programs are targeted directly toward fruit and vegetable crops and hope to have a very positive impact. These include: (1) the Actual Revenue History (ARH) program that was developed to improve the Dollar Plan of Insurance and is conceptually similar to the APH program except the guarantee is based on policyholders' revenues; (2) Named Peril Weather Insurance which uses weather station data for the basis of a loss and could cover as many as 20-30 crops in multiple states; and (3) Quarantine Endorsement which is an attempt to insure certain narrowly defined quarantines (when called by an authorized party, such as USDA's Animal and Plant Health Inspection Service) which are directly linked to a natural pest of disease. Several of these new products have not yet been subjected to the rigorous review process that must occur prior to implementation. Mr. Kamphoefner closed by summarizing the Risk Management Agency's efforts in developing systems which utilize technology that will allow agency specialists to gather and have improved access to better data that will lead to improved program monitoring.

### **Maximum Residue Levels**

Dr. Robert Epstein, an official of USDA's Agricultural Marketing Service and the U.S. alternate delegate to the Codex Committee on Pesticide Residues (CCPR), explained the process of how the Codex Alimentarius Commission establishes Maximum Residue Levels (MRL). The process begins when a manufacturer proposes a pesticide with accompanying toxicology data to a sponsor country. The country electronically nominates the pesticide for consideration by an ad hoc working group currently chaired by Australian delegates and, if accepted, the pesticide is scheduled for field trial evaluation by the Joint Methods of Pesticide Residues (JMPR). JMPR also determines the acceptable daily intake for the pesticide, an acute reference dose if applicable, and recommends an MRL based on the requested crop uses and on human exposure assessments using 13 international diets. Established MRLs are reviewed on a 15-year cycle. These MRLs are not binding on participating countries. The United States established MRLs (tolerances) are administered by the Office of Pesticide Policy of the Environmental Protection Agency. Under the Food Quality and Protection Act of 1996, Codex MRLs are supposed to be considered when establishing a pesticide/commodity tolerance in the United States subsequent to a Codex action. Exports of commodities to the United States are required to meet U.S. pesticide tolerance. If a Codex MRL exists, but not a U.S. tolerance, and if a pesticide residue is detected, the U.S. considers the finding a violation. The Advisory Committee took particular interest in how media and consumer advocacy groups in some instances misquote or take USDA-reported pesticide residue data out of context when reporting information to the public, causing misinformation and unwarranted health concern.

**Perishable Agricultural Commodities Act (PACA) License Fees**

The USDA Agricultural Marketing Service's Karla Whalen described the organizational structure of her 80-employee PACA Branch and her intentions to take further advantage of technological advances and streamline procedures in which the Advisory Committee played a positive part in the past few years. Ms. Whalen then provided an overview of the PACA Branch that, with a \$10-million operating budget, is funded primarily from three sources: \$550 PACA license fees that are charged by law, \$100 informal or \$500 formal complaint filing fees that are charged when a company seeks PACA dispute resolution services, and \$200 branch fees that are added to license fees for a facility or location other than a current or prospective licensee's corporate headquarters above nine branches. She addressed USDA's need to raise license fees in an effort to maintain current service levels to the industry. The fee increase will need to occur in 2010. Possible increases, she said, could be applied to individual license fees by raising them to \$850 or \$950, and/or to branch fees by raising them to \$300 or \$400. Ms. Whalen concluded by making the Advisory Committee aware of USDA's intention to publish a proposed rule on a fee increase, with a 60-day comment period, early in 2009, and expressed that any fee increase will help her PACA Branch meet the industry's increased demand for services. The Advisory Committee then formed a 7-member working group that will research the matter. The following members make up the Working Group: Bill Brim, Jim Corby, Scott Danner, Matthew D'Arrigo, Mike Hollister, Paul Newman and Lisa Strube.

**Food Safety/Traceability Working Group**

Food Safety/Traceability Working Group member Mike Stuart highlighted the challenges that the tomato and pepper industries confronted this summer as a result of the Food and Drug Administration's and the Center for Disease Control's prolonged search to uncover the source of the Salmonella Saint Paul contamination. Weaknesses, he identified, that were exposed in the investigative process included the environment between collaborating state and federal agencies and how they worked against industry participants, along with the inability to conduct proper trace-back. Mr. Stuart also mentioned bills currently in the legislative process that, if enacted in the next 12-18 month, would address some food safety concerns, before summarizing an industry taskforce's progress in developing the framework for a national leafy greens marketing agreement. It is a process, he said, that right now does not have any timeframes but relies on the expertise of Agricultural Marketing Service specialists so that any program can meet the produce industry's needs.

**Department Greeting**

Newly appointed Agricultural Marketing Service Associate Administrative Dave Shipman expressed his appreciation to the Advisory Committee for its work and conveyed his perspectives on the future of the Agricultural Marketing Service and the evolution of markets that influence government services. His challenges include fulfilling Farm Bill mandates and ensuring his agency operates efficiently and effectively

in terms of its human capital, its management structure and its use of technologies. Mr. Shipman highlighted Farm Bill measures that are intended to boost specialty crop interests, such as additional funding to, among others, promote and encourage farmers' markets, allow cost-sharing for organic producers working to achieve certification, and distribute block grants to state to enhance the competitiveness of specialty crops.

### **Working Group Discussions**

**Child Nutrition/WIC Reauthorization Working Group** chairperson Rebecca Wilson summarized topics discussed during its conference call last June when the United Fresh Produce Association's Lorelei DiSogra participated. The working group favors the prospects of projects, such as the fresh-cut pilot, that support nutrition initiatives, and her working group will continue a dialogue with USDA specialists in an effort to formulate recommendations for consideration at the full Advisory Committee's next meeting. This winter, the working group intends to meet by conference call with the Agricultural Marketing Service's Dave Tuckwiller to discuss lessons learned in the fresh-cut apple purchase pilot and the possibility of adding other fresh-cut products in school meal purchases.

**Labor Working Group** chairman Paul Newman, who had discussions with working group members individually since last February, asked that the issue of labor be on the agenda for the full Advisory Committee's next meeting. Mr. Newman also proposed that a USDA official participate in that meeting to breakdown the historical and current data to show how they project into the future trends of Ag jobs pertaining to fresh fruit and vegetables, and that a Department of Labor official make a presentation on the H2A program. Both speakers could combine, he said, to help develop ideas of how to better educate the general American public, along with the U.S. workforce, about the implication of current labor issues tied to immigration.

**Market News and Inspection Working Group** chairperson Lisa Strube briefed everyone on the two conference calls that the working group had with Agricultural Marketing Service personnel on the topic of reducing fresh fruit and vegetable inspection operating expenses by \$5 million and sustaining that financial level. The Agricultural Marketing Service's Leanne Skelton, who manages the fresh fruit and vegetable grading service, then described in detail the agency's progress in reducing staff in 11 or 12 of the 34 nationwide inspection offices, closing 5 other offices, restructuring the headquarters component, as well as alternatives for keeping inspection services available in the 5 cities (Buffalo, El Paso, Memphis, Pittsburgh and Salt Lake City) where offices are slated to be permanently closed. Ms. Skelton said that options being considered are: (1) servicing the applicants with inspectors from another city's market, requiring more distant travel; (2) handing the office over to the respective state's inspection service (if the state is agreeable and has qualified staff); or (3) instituting a system in which market applicants

pay for the services of a federal/state inspector on a contract basis at full cost recovery. During the two weeks following this meeting, the working group intends to review the draft contract, meet by conference call to discuss the issue, and then possibly begin talking about Market News matters.

**Transportation Working Group** chairman Matthew D'Arrigo introduced Mr. Paul Esposito, a representative of Railex, a private sector company that offers alternatives to trucking produce cross-country by expediting east-bound deliveries via rail with limited stops in transit. Mr. Esposito's presentation addressed the Advisory Committee's questions about future advances in transporting perishable produce over congested roadways and with high fuel costs.

### **Administrative Matters**

Following a period of open discussion, the Advisory Committee requested its next meeting be held in late February 2009. The next meeting will most likely be this group's final one under the current 2-year charter that will expire in May 2009. In addition to planning that meeting, Agricultural Marketing Service personnel are preparing a re-charter packet for clearance through USDA for approval by the Secretary of Agriculture. If a new charter is granted, the Advisory Committee would re-form with new members who would meet for the ensuing 2 years.

The following is an updated roster of Advisory Committee working groups that gather information and meet by conference call in an effort to develop possible recommendations for the full Advisory Committee's consideration.

- **PACA:** Scott Danner, Jim Corby, Lisa Strube, Matthew D'Arrigo, Mike Hollister, Bill Brim and Paul Newman.
- **Child Nutrition/WIC Reauthorization:** Helen Masser, Lisa McNeece, Lisa Strube, Andrew Deane, Paul Newman and Rebecca Wilson (Chair)
- **Labor:** Paul Newman (Chair), Luis Monterde, Larry Yonce, Joe DeVerna, Mike Stuart, Danny Arnold, Bill Brim and Helen Masser
- **Food Safety/Traceability:** Robert Morrissey, Wayne Brandt, Mike Hollister, Mike Stuart, Jim Corby, Lisa McNeese, John Millwater (Chair), Scott Danner, Bill Brim and Danny Arnold
- **Market News/Fresh Inspection:** Lisa Strube (Chair), Matthew D'Arrigo, Mike Hollister, Rebecca Wilson, Fred Caito and Joe DeVerna
- **Transportation:** Scott Danner, Jennifer Verdelli, Gordon Bowman, Matthew D'Arrigo (Chair), Fred Caito and Jim Corby

For its next meeting, the Advisory Committee requested that a USDA official participate to breakdown the historical and current data to show how they project into the future trends of Ag jobs pertaining to fresh fruit and vegetables, and that a Department of Labor official make a presentation on the H2A program. Plus, each working group will be given an opportunity to represent possible recommendations for the full Advisory Committee's consideration, and the Agricultural Marketing Service will set up of review of specialty crop products that they purchase for the National School Lunch Program.

Andrew Hatch  
USDA Agricultural Marketing Service  
September 24, 2008