

# Citrus Administrative Committee

## Minutes of Meeting

A meeting of the Citrus Administrative Committee was held on Thursday, June 29, 2017 at Grove House, 20160 U. S. Hwy 27, Lake Wales, Florida and via conference call..

Chairman George Hamner called the meeting to order and asked Mr. Chadwell to call the roll of members and alternates. Mr. Chadwell called the roll of members and alternates and reported 9 grower members and 7 shipper members were present and seated. He reported there was a quorum.

The following members and alternates of the 2016-17 Citrus Administrative Committee were present and seated:

### **Growers**

Lindsay Raley  
Ellis Hunt, Jr .alternate  
Dennis Broadaway  
Jon Marone, alternate  
Rusty Banack  
Anthony Pascher - c  
Julie Obney - c  
Greg Nelson - c  
Cody Estes, alternate

### **Shippers**

Melanie Ressler - c  
Gee Roe  
Dan Richey, alternate  
George F. Hamner, Jr.  
Paul Genke  
Alex Heller, alternate - c  
Frank M, Hunt, III

### **Public Member**

Others Present:

Arthur B. Chadwell  
Chris Nissan  
Candi Erick  
Jim Ellis

Abigail Campos  
Jen Varela  
Daniel Hunt  
Carrie Porterfield

Chairman Hamner noted copies of the minutes for the CAC Organizational Meeting held on December 21, 2016 were mailed to all members and alternate and posted on the CAC website along with the financial reports for the second and third quarters of this season. He asked if there were any corrections or additions. There were no corrections or additions.

Mr. Ellis Hunt moved, seconded by Mr. Genke the minutes and financials be approved. The motion carried unanimously on a voice vote

Chairman Hamner called on Mr. Chadwell to report on the nominees for the public member and public member alternate for the 2017-18 season.

Mr. Chadwell reported Lisa Gaskalla, National Executive Director of Ag in the Classroom has agreed to be considered for the public member and Ernie Neff, who is a contributor for Southeast Ag Net has agreed to serve as public member alternate for the 2017-18 season. He noted both Lisa and Ernie are very well known in the citrus industry as both have worked with Florida Citrus Mutual in the past and are very quailed to serve and represent the public.

Mr. Richey moved, seconded by Mr. Frank Hunt, III nominating Lisa Gaskalla as the public member and Ernie Neff as the public member alternate for the 2017-18 season. The motion carried unanimously on a voice vote.

Chairman Hamner noted members and alternates had been sent a timeline of CAC –Marketing Order 905 (905) activities including both informal and formal rule making over the past 30 years.

Chairman Hamner proceeded to review the time line information. Mr. Chadwell also reviewed and discussed some of the reasons for the different rule making both formal and informal that had been approved and included in the marketing order. Both Chairman Hamner and Mr. Chadwell wanted to inform and remind the committee how and why the numerous rule making changes had come about.

Chairman Hamner stated the end result was an updated marketing order to help in the orderly marketing of Florida citrus fruit in the future. He said the committee had done their homework and the marketing order was a tool available to the fresh Florida citrus industry moving forward.

Chairman Hamner asked for comments from the committee and there were a few general comments in support of the rule making actions to update the marketing order.

Chairman Hamner then reviewed and discussed the request to include language in the marketing order for Handler Registration and a Handler Registration Application. He noted the authority to register handlers was included as one of the amendments approved by the Secretary of Agriculture in 2015. He also stated the Executive Committee had reviewed and approved the language and application during their June 22, 2017 meeting.

Mr. Chadwell noted the language and application approved by the Executive Committee was sent out and is in the meeting package was similar to language used by other marketing order committees. He stated registering all handlers would not affect the current Division of Fruit & Vegetable registration but would give more authority to the committee to administer marketing order (905). He also noted it would be an integral component of the proposed Web Portal Project.

Chairman Hamner asked if anyone had any comments concerning the registration of handlers. There were a few comments centered around how the committee had requested the authority as a tool for the committee and that it was one of the amendments approved by the growers during the referendum on the amendments.

Mr. Genke moved seconded by Mr. Frank Hunt, III the Handler Registration and Handler Application Form be approved as presented. The motion carried unanimously on a voice vote of the committee.

Chairman Hamner asked Mr. Chadwell to brief the committee on the status the data collection project with the Florida Department of Agriculture and Consumer Services., Division of Fruit & Vegetables (Division).

Mr. Chadwell reported the Division was working closely with the committee to update the data collection process for fresh shipments. He noted the Executive Committee had reviewed and recommends the contract (\$18,000) with ProPak Software to develop the Web Portal Project (Phase 1). ProPak is a local software company, with a history of working with the Division, and had previously designed data collection programs and manifest programs for the Division and other fresh citrus companies. He noted the project would also include developing a new web site and reporting capabilities.

Chairman Hamner noted this project would be very beneficial to fresh citrus growers and shippers moving forward and there should be savings to the cost of administering 905. He stated there would be additional information coming forward on this project during the season. He also noted the funds the committee had been spending on data from the Division of Fruit & Vegetables would be used to fund this project.

Chairman Hamner asked if there were any comments. There were comments in support of automating data collection and distribution. Also a few members asked about the time frame for completing the project

Mr. Chadwell noted the contract (Phase 1) was for the project to be completed by September 1, 2017. He noted there may or may not be a Phase 2, depending on how much Phase 1 accomplished. He noted the IT personnel at the Division in earlier meetings noted they may be able to complete the project with some additional funding moving forward. He once again thanked the Division for their support and also Peter Chaires and Dr. Steve Rogers during the early stages of planning the project.

Mr. Pascher noted their company had worked with ProPak Software and they were extremely satisfied.

Chairman Hamner restated the funds (\$18,000) were in the current budget. He asked for additional comments. There were no additional comments.

Mr. Broadway moved, seconded by Mr. Genke the committee approve the recommendation of the Executive Committee to fund and approve the contract with ProPak Software for the development of the Web Portal Project. The motion carried unanimously on a voice vote of the committee.

Chairman Hamner thanked everyone who had worked on this project and said it would be a great benefit to the committee but also the fresh industry.

Chairman Hamner called on CAC Treasurer Raley to report on the proposed CAC Budget for the 2017-18 season

Mr. Raley reported as follows:

“ The Executive Committee held a meeting on Thursday, June 22<sup>nd</sup> to review the 2016-17 budget and consider a proposed budget for the 2017-18 season. For the 2016-17 season total fresh shipments are estimated to be 12.5 million cartons of which approximately 11 million cartons will be regulated and assessed by the committee. The approximately 1.5 million cartons shipped but no regulated are made up of approximately 1 million cartons shipped to intrastate markets and 258,289 were classified but not regulated cartons. Total revenue is projected to be \$99,100 and expenses estimated at \$135,135 (\$5,465 below adopted expenses). Given this information, the projected balance on August 1, 2017 should be approximately \$117,000. For the upcoming 2017-18 season, projected total fresh shipments are 10 million cartons of which about 86% will be regulated shipments. It should be noted the committee will not assess intrastate shipments during the 2017-18 season. At the proposed assessment rate of \$0.009, the same as the previous 7 seasons, would generate \$77,400 dollars. However, if the committee were to regulate the classified varieties for the 2017-18 season, an additional revenue of \$3,500 to \$4,000 could be generated. Total expenses for the 2017-18 budget are \$132,000 or 6% less than this season. It should be noted that since the 2012-13 season the budget has declined (42%) mainly from closing the retirement plan, retirement of Lelia Kader and salary reduction of the manager. Given this proposed budget and an anticipated carryover of \$132,000, the projected balance on August 1, 2018 is \$62,400. Moving forward the budget should be positively affected by the data collection, distribution and website up grades. Are there any questions? The Executive Committee recommends approval and I move the committee accept the Executive Committee’s recommendation and approve the CAC 2017-18 Budget as presented.”

The motion was seconded by Mr. Marone.

Chairman Hamner noted the Executive Committee took a long and hard look at increasing the assessment rate for the 2017-18 season but after much discussion determined to keep the assessment at \$0.009 per regulated carton. He asked if there were any comments concerning the motion.

There were no comments and the motion carried unanimously on a voice vote.

Chairman Hamner then moved on to agenda item #9 the review of all regulated and classified varieties to determine the regulation status for the 2017-18 season. He called on Mr. Chadwell to comment on the information that he included in the meeting packages.

Mr. Chadwell also noted the following five exhibits were included in each meeting folder as references for agenda item # 9:

- A - Fresh Citrus Production & Shipment Information
- B – Florida citrus production four seasons and estimate for 2017-18
- C – Shipments of classified varieties of Florida citrus for 2015-16 and 2016-17 seasons
- D – CAC Regulation Bulletin #1 if no changes are made
- E – Fresh Florida citrus shipments for 4 seasons and an estimate for 2017-18

Mr. Chadwell began the discussion of combining regulation classes as outlined in Exhibit D. CAC Regulation Bulletin # 1 for the 2017-18 season. He suggested Item # 1 Early, Ambersweet & Midseason oranges and item #3 Valencia & Late Type oranges be combined into one Orange classification. He also suggested combining Item #9 White Seedless Grapefruit and Item #10 Red Seedless Grapefruit into one Seedless Grapefruit classification. He noted this suggestion was due to the orange varieties having the same regulations and the white and red grapefruit having the same regulations.

Chairman Hamner asked if there were any questions or concerns for grouping these varieties.

Mr. Chadwell said if the committee recommends, as proposed, two relaxing regulations, all oranges and grapefruit would have the same minimum grade and size and this would reduce paperwork and simplify record keeping

After a few more comments, Chairman Hamner brought the discussion back to the combination of the two orange and two grapefruit varieties into an orange and a grapefruit classification for regulation.

Mr. Chadwell noted he would be recommending the deregulation of Ambersweet oranges and Temple oranges due to their decline in production and shipments.

Chairman Hamner asked if the USDA had any concerns with this motion. No concerns were presented by the USDA..

Mr. Raley moved, seconded by Mr. Marone the Early & Midseason oranges be combined with Valencia & Late Type oranges into an Orange classification and the White Seedless Grapefruit and Red Seedless Grapefruit be combined into a Grapefruit classification.

Chairman Hamner asked if anyone had any additional comments. There were no additional comments and the motion carried unanimously on a voice vote.

Chairman Hamner called on Mr. Chadwell to review and discuss the deregulation of Ambersweet oranges and Temple oranges. He noted Temple oranges were regulated under 905 even though the Department of Citrus had reclassified them as Royal tangerines..

Mr. Chadwell noted in the past the committee had deregulated varieties when their production and shipments had declined to a non commercial level. He stated both Ambersweet oranges and Temples oranges had decline to the point that they should be consider for deregulation. He asked the committee to look at Exhibits B – Florida citrus production four seasons and an estimate for 2017-18 season and E – Fresh Florida citrus shipments for four seasons and an estimate for 2017-18 season. He noted this information was what he had based his recommendation.

Mr. Gee Roe said he was in favor of deregulating these two varieties as they both had only 23,468 cartons of Ambersweet and 66,375 cartons of Temples last season and the projection for the 2017-18 less than a total of 50,000 cartons combined.

Mr. Chadwell said in the past, the committee had approved deregulation for varieties with higher shipment levels.

Chairman Hamner asked for any additional comments, there were no additional comments.

Mr. Gee Roe moved, seconded by Ellis Hunt that beginning with the 2017-18 season there would be no minimum grade and/or size regulations for Ambersweet oranges and Temple oranges. The motion carried unanimously on a voice vote.

Chairman Hamner then proceeded to regulating minim grade and size s for the upcoming 2017-18 season.

Mr. Chadwell noted there had been a number of request of the later part of the 2016-17 season to review and consider lowering (relaxing) the minimum size for oranges and grapefruit. He noted that the current minimum size for Valencia oranges was size 163 – minimum diameter 2-4/16 inches and the minimum grapefruit size was 56/64 with a minimum diameter 3-5/16 inches.

Chairman Hamner reminded the members that back in 2014 there had been some inquires about lowering the minimum size on oranges and grapefruit but at that time there was not much support. He noted there was enough support for some limited shipments to test the market as to the amount of support there was for smaller sizes. He stated there had been, for the past three seasons, shipments of smaller sized fruit utilizing the Grower Tree Run Certificate program (GTRC).

Mr. Chadwell noted the GTRC program had be utilized very successfully over the past three seasons to meet the demand for smaller sized fruit. He noted the smaller size oranges were marketed to the trade for their institutional markets and the smaller grapefruit were marketed to be utilized in the production of fresh squeezed grapefruit juice.

Mr. Richey noted back in 2014 their company had not been supportive but due to the development of markets for smaller sizes, they are supportive of the lower minimum size for grapefruit.

Mr. Broadway asked if this regulation would benefit smaller shippers.

Mr. Chadwell noted it should be a benefit to all growers and shippers.

Chairman Hamner noted his discussions with the industry centered on size 80 grapefruit having a minimum 3 inch minimum diameter.

A member asked about sizing for grapefruit.

Chris Nissan, USDA noted minimum size was determined by the minimum diameter as outlined in 905. He noted minimum grapefruit size regulations are currently 3-5/16 inches, He also noted any grapefruit regulation change would be reviewed for compliance with Section 8e. He stated Section 8e establishes the minimum grade and size regulations for grapefruit import to the United States and it mirrors the interstate regulations of 905 for grapefruit.

Chairman Hamner noted the committee would be taking up sizing as it concerns DOC Rule 20.39 at a later date with the USDA and Division

Mr. Frank Hun inquired on packed fruit on the floor or in storage could be affected by shrinkage under Partners in Quality (PIQ).

Chairman Hamner noted minimum diameter must be meet under PIQ for fruit on the floor and storage. He stated it may be time for the interested parties (USDA, CAC & Division) get together again to review the PIQ program for suggestions on how it is operating under current conditions.

Mr. Chadwell noted for about the first ten seasons under PIQ there was an annual meeting of the interested parties to sit down and review and discuss how the program was operating and if changes needed to be considered.

Chairman Hamner indicated he would ask for a meeting of the interested parties to review and discuss changes in the fresh fruit industry.

Mr. Roe noted he supports lowering the minimum orange size to a size 163 with a minimum diameter of 2-4/16 inches. He stated there is a market for smaller sized orange for use in the institutional markets that is currently being supplied by California with size 138 oranges. He felt this was a market Florida could participate in.

After some additional discussion about there being a market for small sized oranges and grapefruit and the industry's ability to work around HLB fruit, there was agreement that Florida shippers could market smaller sized oranges and grapefruit to the benefit of the Florida grower.

There were comments that the market would determine what can be shipped and accepted by the trade. It was noted the Florida Navel market had been adversely affected during the 2015-16

season due to shipping low acid fruit. Comments were made the Florida Navel growers and shippers paid the price for those low acid shipments and are paying cost attention to fruit quality.

Mr. Richey moved, seconded by Mr. Genke the committee establish the minimum size for grapefruit at 3 inches and the minimum size for oranges at 2-4/16 inches for both interstate and export markets with an effective date of October 1, 2017.

Chairman Hamner asked if there were any additional questions or concerns. He did note he thought these changes were positive for the industry and using the GTRC help the industry in developing some new markets. There being no further comments or questions the motion carried unanimously on a voice vote.

Chairman Hamner then asked for recommendations or comments for establishing minimum grade and/or size regulations for the Florida Department of Citrus classified varieties. He noted these varieties were under the authority of 905.4 and 905.5. He called on the members to look at Exhibit C – Shipments of classified varieties of Florida for the 2015-16 and 2017-18 seasons.

Mr. Chadwell noted the committee over the past few seasons had declined to establish any minimum grade and/or size regulations due to the limited cartons being shipped. He also noted on Exhibit E – Fresh Florida citrus shipments for four seasons and an estimate for 2017-18, it had been four seasons that these classified varieties had been shipped and their volume was increasing but at a slower rate than what the industry had expected. He also noted the committee had not been assessing these shipments as they were not regulated for minimum grade and/or size.

Jen Varela, USDA did suggest the committee could assess these or any other varieties being shipped if the fell under Sections 905.4 & 905.5.

Mr. Chadwell noted the additional assessments for classified fruit shipped to interstate and export markets would benefit the committee's bottom line.

Mr. Estes asked about the current standards for shipping the classified varieties.

Chairman Hamner noted they were under Department of Citrus rules and required a maturity test.

A member asked a question concerning seeded tangerines and mandarins. It was noted the current regulations for Fallglo, Sunburst and Honey tangerines were seeded varieties and they were in decline and there shipments were on the decline.

Mr. Quentin Roe said he could not support lowering the minimum size on the regulated varieties due to the amount of seeds in the smaller fruit. He noted it market for seeded tangerines was very limited and shrinking rapidly. He asked the committee not to regulate the current classified varieties under more information on markets and sizing could be presented..

After a few more comments concerning seeded and non seeded varieties of specially fruit it appeared the committee lacked support for changing current regulations or establishing quality regulations for the classified varieties at least for the 2017-18 season.

Chairman Hamner asked for additional comments.

Mr. Broadway moved, seconded by Mr. Banack the committee assess all classified varieties of Florida citrus fruit as authorized under 905 and shipped to interstate and export markets beginning with the 2017-18 season.

Chairman Hamner asked if there were any additional comments.

Mr. Raley indicated the additional revenue fr the 2017-18 season could total \$2.00 to \$3.500.

There being no additional comments, the motion carried unanimously on a voice vote.

Chairman Hamner then asked if there were any additional request for changes to any regulations for the upcoming season.

Mr. Richey asked the committee to consider increasing the grapefruit juice tolerance requirement. He noted last season there were a number of times at packing the juice requirement was met early in the packing process but during the final juice test it failed on juice. He suggested a small increase in the juice tolerance would be very beneficial to the grower and would not harm the quality of the product..

Chairman Hamner noted there was a 10% tolerance already in the grapefruit juice standard. He asked what additional amount of tolerance would be needed.

Chris Nissan, USDA suggested the committee could tentatively approve the tolerance but it may require additional information and study.

Chairman Hamner asked if Mr. Richey had a suggested tolerance percentage

Mr. Richey suggested maybe an additional 10% tolerance. He thought an additional 10% would be a fair starting point.

After a few comments from members, it appeared this was not just a isolated concern as other shippers have the same concern.

Chairman Hamner asked if there were any additional comments on the request.

Mr. Richey moved, seconded by Mr. Ellis Hunt the committee approve an additional 10% tolerance of the juice requirement.

Mr. Nissan, USDA noted 905 was the controlling authority for maturity standards for grapefruit shipped to interstate and export markets as maturity was one of the factors of the US Grapefruit Grade Standards. He did note this recommendation could require additional review.

Chairman Hamner called for additional comments. There were no additional comments and the motion carried unanimously of a voice vote.

Chairman Hamner asked if there was any other business to come before the committee. He thanked everyone for participating and noted it was helpful to meet in person when discussing regulations. He adjourned the meeting and said the next meeting most likely would be the 2017-18 Organizational meeting.