

**Summary Minutes
Seed Program Advisory Committee
WSDA Yakima Building
Friday, December 2, 2011**

IN ATTENDANCE:

Seed Program Advisory Committee Members

Jerry Robinson, Washington State Crop Improvement Association
Rich Gilbert, Rainier Seeds, Inc.
Ken Eastwell, WSU ELISA Lab
Alan Yirak, Co-Ag Producers
Pat Haight, Seminis Vegetable Seeds
Paul Herrman, L&H Seeds, Inc.
David Johnson, Jacklin Seed by Simplot

Washington State Department of Agriculture Staff

Brad Avy, WSDA Commodity Inspection Assistant Director
Fawad Shah, Grain and Seed Administrator
Victor Shaul, Seed Program Manager
Carrie Bryan, Seed Program Administrative Assistant
Larry Krueger, Seed Program Agriculture Inspection Supervisor
Nancy Jones, Seed Program Laboratory Technician 4/Lab Supervisor

Guests

Dave Matteson, Columbia River Seed
Ron Whittum, Washington State Crop Improvement Foundation Seed Services
Karen Olstad, Washington State Crop Improvement Association
Scott Marks, Connell Grain Growers

MINUTES:

Fawad Shah began the meeting at 10:00 a.m. with a welcome and thank you to all attendees. He emphasized the importance of the stakeholder/program relationship to ensure success in the Seed Program.

Brad Avy, Commodity Inspection Assistant Director, gave a brief review of the agency reorganization and the new roles of Victor and Fawad. Fawad is the Grain and Seed Administrator, and Victor Shaul is now the Seed Program Manager. He explained that Fawad still has a role in the program management.

Brad then went on to give a legislative session update and explained that the statewide revenue forecast does not look good and there is pressure to balance providing services with all of the budget cuts. He is hoping that the Department fares well. Brad also pointed out that the program's recent ISO (International Standardization Organization) and ASL (Accredited Seed Lab) certification has added value to the industry thru the added level of service provided.

Victor gave an update on the legislative fee package. The escalation of expenses has put the program in need to recover those costs to offset expenses. He then explained the methodology for coming up with a 10% fee increase. He worked with Tom Jones in the Director's office in Olympia and they figured together that a \$400,000 increase is needed. He pointed out that there has been no fee increase since 2003 and if we had done this in increments over the years, 10% appears to be reasonable.

Victor then explained that in order to enter into rulemaking, you must have permission from the legislature to open the fee schedule. He further explained that the package presented is to open fees across the board and the prepared package has gone to the Office of Financial Management (OFM) in Olympia. Once OFM agrees with the numbers presented, it moves on to the legislature. Victor further informed the group that once legislature approves the fee package, the public hearing process begins. This includes developing working groups, forms, etc. Discussion ensued in regards to what those working groups should be comprised of. Paul Herrman, L&H Seed, Inc. mentioned that the groups should be based on revenue interests.

Victor then went on to discuss the two different ways they looked at gaining revenue for the program. Service fees from industry and the Seed Dealer's License fee that is collected every year were discussed. The vast majorities of the seed dealer's licenses are out of state and are for companies such as Home Depot, Martha Stewart, etc. Currently, statute allows us to charge \$25. This fee is far less in comparison to other states' licensing fees. The fee was instituted at \$10 in 1969 and has not been raised since 1979. Eric Colter, legislative liaison for Washington North Idaho Seed Association (WNISA), went to Senator Mark Schoesler to promote this idea. The senator agreed to do this and Victor has handed over all information to the WNISA Board. The plan is to increase the fee from \$25 to \$125. In this scenario, this would take off \$100,000 of the \$400,000 needed to sustain the program services at the current level.

A handout was given to the group depicting revenue/expenditure and fund balance figure decline. Discussion followed as to the "why" of the increased costs to the program. Nancy Jones, Laboratory Supervisor, discussed a few of the increases in supply costs such as germination paper, fuel, chemicals, etc. since 2003. The percentage increase of supplies has ranged from 10%-402%. Victor made the point to the committee that these cost increases have to be offset somehow.

Victor then discussed with the group the things that the program has done to reduce expenditures. The satellite office in Moses Lake has been given up, we have moved on to state motor pool vehicles (no owning and maintaining our own fleet any longer), which is a calculated savings of \$1,200 to \$1,500 per vehicle per year. We have also switched to using SUV's instead of pickups, which has saved in mileage costs. We have not replaced 2 full time employees which have saved approximately \$117,000 annually. There has also been a 57% reduction in overtime and a 23% reduction of field staff, partially due to the reduction in acreage. Also, any out of state travel that has been done has been mostly paid for by outside funding.

Discussion then occurred on add-ins to the fee schedule for inflation purposes. There are several new things to add in such as trait testing. Brad encouraged the group to consider and anticipate contingencies in order for things to be as adaptive over time as possible. He pointed out that the extra energy up front to work out the details will be worth it.

Victor then defined the meaning of an ASL accredited program. This is a USDA process verified program that the seed lab went through. We started the process and passed the audit with only two minor non-conformities. We are the 10th seed lab in the United States to be accredited. He pointed out that this dovetails into ISO Accreditation. This allows us to become eligible for Canadian Equivalency. We have started this process as well and are waiting on some paperwork. The lab will have to take tests on Canadian Methods and Procedures. We are hoping for things to be complete by February or March, but it could be a year. Victor passed out a handout regarding how the fee assessment for Canadian Grading may look and further discussion occurred. Dave Matteson of Columbia River Seed and David Johnson of Jacklin Seed by Simplot both commented on the value this accreditation would be to them. Seed going to Canada has to be officially sampled and the value of not sending it to 2 or 3 labs is substantial to them.

The issue of "once certified always certified-retesting required??" was discussed. If a germ drops, it is a labeling issue. Texas, for example, requires that a germ be conducted every 6 months. Paul Herrman brought up having the label substandard certified. He mentioned that retesting is not a cost issue; it is the administration and tags. Jerry Robinson commented that as an industry it does not hurt anything, but as perception of less than stellar seed, it is a problem. Jerry's recommendation was to leave it alone unless it becomes an issue.

OECD (Organization for Economic Commerce and Development) and Washington certified standards were discussed. Victor explained that an audit was done by Perry Bohn of USDA in February of last year. Perry requested that all seed lots that are being certified under the OECD Seed Schemes meet Washington certification standards including mechanical purity and germination. At the beginning of the crop year, Victor sent out a notice to industry regarding this change, a copy of which he handed out to the group. There have been impacts throughout the season. Perry is no longer with USDA and has been replaced by Gene Wilson. Victor explained to the group that he

has talked to Gene about this situation and he agreed to review the issue. This issue is still under review and hopefully will be voided. Dave Matteson brought up the possibility of moving the issue to ASTA (American Seed Trade Association) lobbyists.

Victor handed out Seed Program statistics for the year on producing acreage, samples, tests and phytos.

Nancy Jones briefed the group on some laboratory statistics. She mentioned that there has been an issue with insufficient amounts of seed for the required testing in certified samples. She stressed the importance of submitting the full amount of seed. She also pointed out that there has been an increase in rough bluegrass and variant testing is going well. She mentioned that Source ID has been an issue with seed purity. She also informed the group about the Lewis Flax AOSA (Association of Official Seed Analysts) rules proposal passing, a pre-chill paired test is no longer necessary. Nancy further discussed the updated germination monitoring system and how beneficial this has been for the program. Monitoring can now be done from a home computer and temperature trends can be viewed. Also, the vacuum planter has proven to be money well spent. Overtime has been reduced, almost completely eliminated, and there is a reduced backlog of germs. Both of these investments have been great cost savings for the program.

Larry Krueger, Seed Inspection Supervisor, gave the group an update on notable field events throughout the past season. He discussed the collaborative work between WSCIA and the program, filling out paperwork properly, the time the inspection team takes to provide high quality inspections, regulatory work and the fact that we have 3 samplers accredited for the Oregon State University (OSU) ISTA (International Seed Trade Association) sampling program.

Jerry Robinson updated the group on the Wheat Variant Project. A two year grad student at WSU is working on a solid methodology of distinguishing white vs. red wheat. He talked about the increase of variants/off-types and how time spent retesting contributed to backlog. He pointed out that solving this issue will promote more efficiencies and he expressed the need for uniformity in distinguishing among states.

Victor went on to discuss the Canola District Rule Petition. He explained that in September the Department was petitioned by 3 companies to prohibit winter Canola production in District 2 (Quincy/Ephrata area). He handed out a copy of the petition for all to read. The consensus is to move ahead with the process to protect and preserve the spring Canola industry from winter Canola. He also informed the group that there is a Canadian company interested in production in District 2, which could increase spring Canola production by 3 times what it already is.

The history and purpose of the Seed Program Advisory Committee was discussed. Rich Gilbert, Rainier Seed, Inc. informed all that he has taken the time to read the by-laws of the original Washington Seed Council. He expressed interest in looking deeper into this. Victor suggested a solicitation of opinions on how well the Advisory Committee is working. It was agreed that discussion would continue later.

Victor then started discussion on Source ID/Pre-variety Germplasm (PVG). There are currently no certification standards for PVG. AOSCA (Association of Official Seed Certifying Agencies) has guidelines, which is how we apply the field standards. We started the process to make certification rules and worked with the Attorney General's office. They informed us that we have no authority under seed law to regulate PVG; therefore the working group that was formed went dormant. Paul Herrman discussed the possibility of putting a disclaimer on what the Source ID "is not" or does not mean, and Victor affirmed he had no problem with that. Fawad suggested we regroup and rethink all possibilities at a later date.

Victor informed the group that the program would be resurrecting our newsletter and he would appreciate feedback from industry on this.

Dave Matteson and Paul Herrman wished to express their gratitude to the program for the quick services provided.

Meeting adjourned at 1:00 p.m.