



STATE OF WASHINGTON

DEPARTMENT OF AGRICULTURE

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**Summary Minutes**  
**Fruit and Vegetable Inspection Program Advisory Board**  
**Commodity Inspection Division, Fruit and Vegetable Inspection Program**  
**Wednesday, January 20, 2010, 1:00 p.m.-4:00 p.m.**  
**Hal Holmes Center, Ellensburg, Washington**

**IN ATTENDANCE:**

**Fruit and Vegetable Inspection Program Advisory Board Members**

Jim Archer, Northwest Fruit Exporters  
Jon DeVaney, Yakima Valley Growers-Shippers  
Myron Ayers, Norm Nelson, Inc.  
Joe Rehder, ConAgra Foods--Lamb Weston  
Matt Harris, Washington State Potato Commission/Committee  
Kirk Mayer, Washington Growers Clearing House Association  
Scott Pryse, Zirkle Fruit Company  
Charles Pomianek, Wenatchee Valley Traffic Association  
Mike Connors, Basin Gold Cooperative  
Mike Dodd, Basic American Foods  
Roger Knutzen, Knutzen Farms  
Chris Voigt, Washington State Potato Commission  
Todd Fryover, Washington Apple Commission, President  
B.J. Thurlby, Washington State Fruit Commission  
James Michael, Washington State Fruit Commission  
Mark Powers, Northwest Horticulture Council

**Washington State Department of Agriculture Staff**

Dan Newhouse, Director, Washington State Department of Agriculture  
Ken Harden, Acting Assistant Director, Washington State Department of Agriculture  
Mark Johnson, Chief Financial Officer  
Rianne Perry, Specialty Crop Grant Administrator  
Jim Quigley, Program Manager  
Maryann Connell, Division Coordinator  
Jill Kunz, Information Technology Coordinator  
Randy Deike, Program Manager (Grain)  
Fawad, Shah, Program Manager (Seed)

**Washington State Department of Agriculture Staff-continued**

Karen Cozzetto, District Manager, Yakima  
Ken Shank, District Manager, Wenatchee  
Chuck Drago, District Assistant Manager, Yakima  
Laurie McDaniel, District Assistant Manager, Wenatchee  
Cindy Graziano, Administrative Assistant (Minutes)

**Meeting Packets**

Meeting packets were provided to all in attendance.

**Welcome and Introductions**

Jim Quigley welcomed everyone to the meeting and introductions were made. Jim announced to the group that the meeting was being recorded and asked for any objections to the procedure. None were voiced; recording began.

**WSDA Update, Dan Newhouse, Director**

The director opened with a thanks to the industry for having him back a second time to speak with them and to give them an overview of this past year's accomplishments and challenges within the agency, especially in regards to the budget issues. He stated that in review; after almost a year as the head of what he felt was the most important agency in state government because it supports our most important industry-agriculture, and taking into consideration all the issue we have faced over this last year the agency is doing quite well. During the last session, the state closed its \$9 billion shortfall through cuts to programs and services, Use of Recovery Act Funds and funds transfers including the Rainy Day Fund. This session another \$2.6 billion dollar budget shortfall must be addressed as well. The state legislation convened a week ago to begin work on balancing the budget all across state government. He stated that from his first day as the director, he knew that the Department of Agriculture was a pretty well run and efficient agency; there was not a lot of fat in the budget and that was a good thing and something to be proud of. He commented that as the agency moves forward in the years to come, it is imperative that industry continues to communicate with the department to ensure it is meeting the needs of the industry and providing quality services. Director Newhouse expressed his concerns with the present legislative session and the need to stay engaged in the process to ensure the agency remains a viable organization. He also informed the board that the governor is looking to increase revenue with tax increases along with cuts to fill the budget deficit. The director was then joined by Mark Johnson, Chief Financial Officer of the agency, and they gave an detailed overview (slideshow presentation) of the process and procedures the agency used to make the necessary cuts to the agency budget that was requested by the governor. Topics in the presentation included; Budget Shortfall impact on WSDA, Agency & GF-S Funding, the Approach to and Reductions

### **WSDA Update, Dan Newhouse, Director -continued**

associated with GF-S Funding, an Administrative Services Cost overview and the goals for the current budget crisis. A question and answer session was followed by the presentation.

### **Division Update, Ken Harden, Acting Assistant Director**

Ken spoke to the board about his time with department, and how it was longer than he first anticipated. During his stay he said it was evident that the board was quite lucky to have the caliber of people the department has working for them. He said during his time with the agency he has had the opportunity come into the agency and look at it with a different perspective. He said it was evident that the department continually strived to ensure they were spending the dollars wisely. He also said when you look at the administrative costs this agency has as opposed to other agencies it is unheard of for an organization to be able to function as well as it does with the limited amount of money that is put in to it. He expressed concerns about the uncompetitive salaries for inspection staff and the difficulties of replacing the aging workforce with qualified candidates and this he said is one example of how our administrative costs dollars are being used to ensure the department has the ability to recruit successfully. Also discussed was the recent retirement of the F&V Operation Manager position left vacant by John Boyd, the future retirement of Jim Quigley, and how those retirements might affect the agency as well as the upcoming announcement of the new assistant director for the Commodity and Inspection division.

### **Specialty Crop Grants, Rianne Perry, Grant Administrator**

Rianne Perry gave a detailed overview (slideshow presentation) of the process for submitting Concept papers, the requirements for applying, score process and criteria and the timeframe for applying for a Specialty Crop Grant. Specialty Crops are defined by USDA as fruits, vegetables, tree nuts, dried fruits, horticulture and nursery crops (including floriculture). WSDA anticipates that approximately \$3 million in grant funds will be available. Of this amount, WSDA will set-aside up to \$250,000 to award grants between \$10,000 and \$74,999 per project. The remainder of grant monies will be for project in amounts from \$75,000 to \$250,000 per project. The timeframe for all projects is three years.

### **Fiscal Year 2009 Annual Report, Jim Quigley, Program Manager**

Jim gave an overview of the financial status of the program for the fiscal year 2009. Attendees were provided with a hardcopy of the fiscal report as well. For FY 2009, the program generated revenue slightly more than FY 2008. Revenue for FY 2009 was \$13,237,572 compared to \$13,221,406 for FY 2008. Expenses were also slightly more at \$12,930,216 for FY 2009 compared to \$12,774,249 for FY 2008. Based on these

### **Fiscal Year 2009 Annual Report, Jim Quigley, Program Manager-continued**

revenue and expenditures figures, the program realized revenue in excess of expenditures by \$307,356. The program based on the average monthly expenditures has \$4,388,275 in operating capital or approximately 4.1 months in reserves. Other topics discussed; possible fee increases, overhead fees associated with PCIT program and the need for industry to come on board the program, loss of revenue due to de-certification of Red Delicious Apples, utilization of perm and non-perm inspectors, aging workforce, maintaining trained staff for phyto issuing, the tablet replacement program, now leasing the tablets and streamlining the program to ensure the department is meeting industry needs in a costly and timely manner.

### **Crop Year Apples, Jim Quigley, Program Manager**

A roundtable discussion was held in regards to adding the crop year to apples to differentiate between old crop and new crop. Several ideas were brought forth and Jill gave the board some options and suggestions for reformatting the on-line COC document that would best capture the information. Jill will work on a mock up with the changes- the data will appear on the screen as a required field but not print.

### **GAP/GHP Audit Verification Program, Chuck Drago, Asst. District Manager**

This past year there has been a steady increase in the number of audits performed by the program, especially the GAP audits. The GAP/GHP audits generated \$42,000.00 in revenue in 2009. Chuck expects the number of audits to continue to increase dramatically with the tree fruit industry coming on board the program. In 2008- 107 audits were performed compared to 148 in 2009. He also discussed the changes USDA made to the audit checklist this last November. They eliminated Part 5-Traceback in the GHP audit and incorporated it throughout the whole audit. He sees this as a problem to the shippers and the people conducting the audits because normally they forward only the scoresheet over to their buyers showing they have passed the audit. With no Traceback questions on the scoresheet they will not be able to verify that section was passed and will most likely have to forward the complete checklist for verification.

### **Other Topics Discussed**

Board member Roger Knutzen, Knutzen Farms, informed the board of a random audit recently performed at his place of business by Homeland Security, followed by a brief roundtable discussion.

### **Closing**

Jim thanked all those who attended the meeting.

### **Meeting Adjourned**