

# RAISIN ADMINISTRATIVE COMMITTEE

ADMINISTERING THE FEDERAL MARKETING  
AGREEMENT AND ORDER REGULATING THE  
HANDLING OF CALIFORNIA RAISINS

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## MINUTES OF THE CONCURRENT ADMINISTRATIVE ISSUES SUBCOMMITTEE & RAISIN ADMINISTRATIVE COMMITTEE

January 27, 2016

Chairman's Jon Marthedal & Monte Schutz called the meeting of the Administrative Issues Subcommittee & Raisin Administrative Committee concurrent meeting to order at 2:32 p.m. on Wednesday, January 27, 2016 in the RAC/CRMB Large Conference Room, 2445 Capitol Street, Suite 200, Fresno, California.

### ADMINISTRATIVE ISSUES SUBCOMMITTEE

#### MEMBERS

Marthedal, Jon - Chairperson  
Goto, Glen - Vice Chairperson  
[a] Abdulian, Linda Kay  
[a] Albrecht, Wayne  
Barserian, Kalem  
[a] Bortolussi, Jeff  
[a] Gunlund, Chris  
[a] Boghosian, Philip\*  
Kazarian, Michael  
Kazarian, Ron  
Kriebel, Barry  
[a] Mikaelian, Michael  
Milinovich, Jeff  
[a] Naito, Tomo  
[a] Noorigian, Jeff  
Peters, David  
[a] Rebensdorf, Jerald  
Sahatdjian, Victor  
Sahatjian, Richard  
Spate, Steve  
Schutz, Monte - Ex-Officio

#### ALTERNATES

[a] Locker, Paul  
[a] Shinkawa, Ken  
**VACANT**  
[a] Perry, Michael  
**VACANT**  
King, Dan  
[a] Ludtke, Willy  
Housepian, Dennis\*  
[a] Fanucchi, Edward  
**VACANT**  
Bender, Braden  
[a] Batth, Gagandip  
**VACANT**  
Moriyama, Michael  
[a] Berekoff, Jim  
[a] Penner, Pete  
**VACANT**  
**VACANT**  
[a] Sahatjian, Kristina  
[a] Ferri, Bruce, Jr.

[a] = Absent

*The Raisin Administrative Committee is an Equal Opportunity Employer and Provider.*

2445 Capitol Street, Suite 200 • Fresno CA 93721-2236



## RAISIN ADMINISTRATIVE COMMITTEE

<u>MEMBER</u>	<u>ALTERNATE</u>
[a] Abdulian, Linda Kay	<b>VACANT</b>
[a] Albrecht, Wayne	[a] Perry, Michael
[a] Bagdasarian, Mitch	Efird, Russel
Barserian, Kalem	<b>VACANT</b>
[a] Bedrosian, Bryan	<b>VACANT</b>
[a] Bedrosian, Michael	[a] Bedrosian, Paul
[a] Boghosian, Philip *	Housepian, Dennis *
[a] Bortolussi, Jeffrey	King, Dan
Cardoza, Dwayne	[a] Rai, Jerry
[a] Cederquist, Doug	<b>VACANT</b>
[a] Cervelli, Randy	<b>VACANT</b>
Chooljian, Gerald	[a] Chooljian, Michael
<b>VACANT</b>	<b>VACANT</b>
Coelho, Ed	Olson, Brad
Epperson, Bob	Rocca, Randy
Goto, Glen	[a] Shinkawa, Ken
[a] Gunlund, Chris	[a] Ludtke, Willy
Hoff, Darren	[a] Rodrigues, Tim
[a] Iliff, Reed *	<b>VACANT *</b>
Jensen, Bill	[a] Merlo, Kathy
Jue, Jeff	Blayney, David
[a] Kasparian, Alan	<b>VACANT</b>
Kazarian, Michael	[a] Fanucchi, Edward
Kazarian, Ron	<b>VACANT</b>
Kister, Steve	Estermann, David
Kriebel, Barry	Bender, Braden
Marthedal, Jon	[a] Locker, Paul
[a] Medeiros, Manuel	<b>VACANT</b>
[a] Mikaelian, Michael	[a] Batth, Gagandip
[a] Milinovich, Dan *	<b>VACANT</b>
Milinovich, Jeff	<b>VACANT</b>
[a] Moles, Doug *	[a] Asmar, Jane *
[a] Naito, Tomo	Moriyama, Michael
[a] Noorigian, Jeff	[a] Berekoff, Jim
Peters, David	[a] Penner, Pete
[a] Rebensdorf, Jerald	<b>VACANT</b>
[a] Sahatdjian, Bill	<b>VACANT</b>
Sahatdjian, Victor *	<b>VACANT</b>
Sahatjian, Richard	[a] Sahatjian, Kristina
[a] Sandhu, Nindy	Nielsen, Mike
Sangha, Mitch	[a] Lung, Jerry
Schutz, Monte	[a] Huter, E.G, III
[a] Shapazian, David	[a] Chooljian, Courtney
[a] Singh, Harvey	Chatha, Kuldip
Spate, Steve	[a] Ferri, Bruce, Jr.
Stark, Rick	[a] Tietjen, Carsten
[a] Van Zyl, Sonet	[a] Frame, Chris

\* Switched Positions on May 1, 2015

Messrs. L. Blagg, and R. Lynch Jr, Mmes. M. Jones, D. Powell, D. Rothweiler, and M. Stobbe were present along with approximately 15 industry representatives and growers.

The RAC Chairman directed Ms. D. Rothweiler and Ms. M. Jones to call roll and establish quorums for the Administrative Issues Subcommittee and Raisin Administrative Committee.

The RAC Chairman stated that this meeting is being run concurrently with the Administrative Issues Subcommittee so that we can cover a large amount of information and approvals without having multiple meetings back to back.

### **APPROVAL OF RAC MINUTES**

The RAC Chairman called for corrections or additions to the minutes of the meeting on October 7, 2015, seeing none, minutes were approved as mailed.

### **USDA REPORT**

Ms. M. Stobbe introduced Ms. Melissa Schmaedick of USDA who will be helping explain the formal rulemaking process.

Ms. M. Stobbe reported that there have been staffing changes of 3 individuals: Ms. Elanor Starmer has replaced Ms. Anne Alonzo as Acting-AMS Administrator; Ms. Erin Morris has replaced Mr. Rex Barnes as Associate Administrator; and Mr. Jeffrey Smutny has replaced Mr. Martin Engeler as Regional Director of the California Marketing Field Office.

Ms. M. Stobbe reminded the attendees the amendatory referendum for the rulemaking on Financial Carryover Authority is tentatively set for February 16 - March 1<sup>st</sup>, but that date may change as the referendum order has yet to be published.

### **MANAGEMENT REPORT**

The RAC Chairman stated that before Ms. D. Powell gave her management report, there was some housekeeping to be done regarding the Interim President/General Manager's position. The Chairman stated that as of Friday, January 22, 2016 the motion set for one year had expired, and as the Personnel Committee has not met yet, a motion is needed to allow Ms. D. Powell to continue as Interim President/General Manager.

→ **Moved by Mr. B. Epperson, seconded by Mr. J. Jue, to appoint Ms. Debbie Powell as Interim President/General Manager of the RAC, not to exceed one year, beginning January 25, 2016 through January 24, 2017.**

Mr. B. Kriebel asked why couldn't the title of Interim just be eliminated at this time and leave it an opened ended appointment for Ms. D. Powell as President/General Manager?

Mr. M. Schutz stated that Ms. D. Powell has indicated there are some things that require discussion with the Personnel Subcommittee before a final decision can be made.

**The motion carried unanimously.**

The RAC Chairman welcomed Ms. D. Powell back as Interim President/General Manager and asked her for her Management report.

Ms. D. Powell reported that the Independent Producer Nominations would take place on Friday, February 19<sup>th</sup>, and noted the various locations for District 1, District 2, and District 3. The term of office would be from May 1, 2016 through April 30, 2018.

Ms. D. Powell stated that the agenda includes discussion on the Final Organic Exemption Rule, but in talking with Maria at USDA there are still some things that they are working out.

Ms. M. Stobbe stated that the Final Organic Exemption Rule was finalized in January which requires handlers the option to apply for an exemption from assessments related to marketing and promotion activities for the organic crop they receive. Questions arose from the Audit Subcommittee about how the exemption was going to work, and she is still working with USDA staff on those answers and will bring them back to the Committee for discussion.

Questions were asked about who can apply for the exemption. Ms. M. Stobbe responded that it was up to the Handler to apply for the exemption, but if the grower was Organic that they could supply the documentation to the Handler applying for the exemption. The Final rule published allows Handlers to apply for the Organic Exemption on the portion related to the marketing promotion amount of the assessment, not the total assessment.

### **AUDIT SUBCOMMITTEE REPORT**

Mr. B. Epperson reported that the Audit Subcommittee met on December 9, 2015, January 12<sup>th</sup> and again this afternoon on January 27, 2016.

Mr. B. Epperson stated that at the meeting on December 9, 2015 the Subcommittee met to review the 4<sup>th</sup> Quarter Financials for period ended July 31, 2015, reviewed and approved the audited financials for the fiscal year ending July 31, 2015, and discussed the Unallocated Reserve to be used for the Merchandise Incentive Program (MIP).

Mr. B. Epperson stated that at the meeting on January 12, 2016 the Subcommittee did not have a quorum and as such, no business was conducted.

Mr. B. Epperson stated that at the meeting earlier today, January 27, 2016, the Subcommittee met and reviewed the 1<sup>st</sup> Quarter Financials for period ending October 31, 2015. The Subcommittee reviewed the Request for Proposal recommendations from management, as the 5-year contract (3-year with 2-1 year options for extension) with its external auditors is expiring, and requested that management send out the RFP to a list of 11 potential bidders and to begin the screening process.

### **MARKETING SUBCOMMITTEE REPORT**

Mr. G. Chooljian reported that the Marketing Subcommittee met earlier today, Wednesday, January 27<sup>th</sup> and heard a report from the Export Workgroup.

Mr. G. Chooljian stated the Export Workgroup met on January 12, 2016 to review and discuss the 2017/18 Unified Export Strategy (UES), heard an update on China Activities, Packer Contribution Surveys, Trademarks, the Merchandise Incentive Program (MIP), and the GMO Certificates.

Mr. G. Chooljian continued that the workgroup reviewed the Request for the Preparation of the 2017/2018 Unified Export Strategy (UES) Application (July 1, 2017 – June 30, 2018).

- **Moved by Mr. G. Chooljian, seconded by Mr. K. Chatha to prepare the 2017/2018 Unified Export Strategy (UES) Application (July 1, 2017 – June 30, 2018) for MAP funds subject to final approval by the Export Workgroup, when completed in April 2016.**

**The motion carried unanimously.**

Mr. G. Chooljian stated that in the past the intent of the RAC has been to fund the MIP program for a full year, but because of budget restraints the USDA usually only approves for 6 months.

- **Moved by Mr. G. Chooljian, seconded by Mr. G. Goto to recommend to the Raisin Administrative Committee the intent to fully fund the Merchandise Incentive Program (MIP) from February 1, 2016 to January 31, 2017 with Terms & Conditions to be updated and refined by the Marketing Subcommittee and approved by the RAC.**

**The motion carried unanimously.**

### ADMINISTRATIVE ISSUES SUBCOMMITTEE

Administrative Issues Chairman Mr. J. Marthedal called for corrections or additions to the minutes of the meeting on August 20, 2015, and seeing none, minutes were approved as mailed.

The Chairman called on Mr. M. Schutz for the Bin Workgroup Report.

Mr. M. Schutz reported that the Bin Workgroup met on Tuesday, January 12, 2016 to review and discuss the bin repair program. Mr. M. Schutz stated that he had been out to the bin yard to inspect and take pictures of some of the repaired bins. The RAC had contracted with West Coast Waste who repaired 5,000 bins and destroyed approximately 2,850 bins between May and December 2015. The contract has expired and the workgroup recommends a motion to approve contracting with West Coast Waste for another 6 months (January-July 2016) to repair another 2,000 bins at a rate of \$50/bin. This price includes: Storage, Parts, Sorting, Grinding of bins that are not repairable, forklift and driver on location for loading/unloading, a repair date stamped on each bin to help track the duration of life, and the change of bin yard location from Fresno to Madera.

- **Moved by Mr. K. Barserian, seconded by Mr. D. Housepian to contract with West Coast Waste for 6-months (January-July 2016) to repair 2,000 bins at a cost of \$50/bin (total cost not to exceed \$100,000). The rate includes grinding and disposal of unsalvageable bins, parts and labor to repair bins; repair date stamped on each bin, storage, forklift and driver on location for loading/unloading.**

Discussion followed.

**The motion carried with 5 No Votes from Mr. E. Coehlo, Mr. D. Hoff, Mr. R. Kazarian, Mr. D. King, and Mr. S. Kister.**

Discussion continued with regards to asking West Coast to pickup discarded or unused bins and what the cost would be to the RAC. Ms. D. Rothweiler responded that West Coast Waste does not provide trucking services; we use a couple different trucking companies to move bins.

RAC Chairman asked for the Rulemaking Workgroup Report.

Chairman Marthedal reported that the USDA has encouraged the RAC to propose changes to the Raisin Marketing Order that would benefit the industry now and/or in the future. The USDA has two amendments that will be proposed at the hearing and not open to negotiations:

1. Term Limits for the Raisin Administrative Committee; and
2. Removal of any reference to the Reserve Pool in the Marketing Order; as a result of the Supreme Court decision.

Chairman Marthedal stated that a rulemaking workgroup has been established to do the groundwork with the resulting five proposed amendments:

1. Continuance Referenda
2. Independent Grower Nominations
3. Production Research
4. Quality Authority
5. Different Regulation for Different Market Destinations

Chairman Marthedal stated that the USDA requires that the 9-point justification documents that substantiate each proposal be read for the record. To expedite the process, staff will read each of these without interruption.

Mr. J. Jue asked if the RAC would be able to provide feedback for the two items that the USDA is proposing, the Term Limits and the Reserve language. Ms. Melissa Schmaedick, USDA, responded to Mr. Jue stating that the RAC is welcome to testify or make a statement on either issue during the hearing, which is currently scheduled for May 3-4, 2016. Ms. M. Schmaedick clarified that the draft language for both proposals has been developed and circulated to the rulemaking workgroup; the Term Limits proposed wording is quite short, while the Reserve Pool Language is quite extensive.

Discussion followed regarding the Rulemaking Workgroup's recommendation of support or opposition of these two proposals and decided that it would be best to go on record.

→ **Moved by Mr. J. Marthedal, seconded by Mr. E. Coehlo that the RAC fully supports the Rulemaking Workgroup recommendation and USDA in removal of any reference to reserve or reserve pool language in the Raisin Marketing Order.**

**The motion carried unanimously.**

→ **Moved by Mr. J. Marthedal, seconded by Mr. J. Jue that based on the recommendations of the Rulemaking Workgroup the RAC opposes any recommendations by USDA on Term Limits for the RAC.**

Mr. R. Kazarian stated that Term Limits might be a good thing for other industries, but not for the RAC. We are a large board and, as seen today, a small number actually participate in meetings. There is plenty of opportunity in our industry for participation, but we don't have the participation, and by adding restrictions it will just make it worse.

Ms. M. Schmaedick responded that she understands what is being said, but that there are two proposals that USDA routinely make: the Continuation Referenda and Term Limits. She stated, however USDA is very much aware that Term Limits don't always work for all industries, and the RAC has the opportunity to vote negative against wanting Term Limits being implemented. There is also the opportunity to make a statement during the hearing.

Mr. D. Hoff stated the message that needs to get back to Washington is we are vested here and have commitment. We have been here for 20 years or so and have the background, and the history, because you have to know the past to know where you are going in the future. USDA needs to understand that it can take awhile to get up to speed on what is happening, and term limits are not going to work unless they are for long periods of time.

Ms. M. Schmaedick responded that while the committee is not likely to consider it, term limits could be set for 10 years. Speaking frankly, there are policies that don't necessarily fit every industry and that is something that we have to navigate.

Mr. D. Peters asked if the vote on term limits fails, is that the end of the discussion or will there be further referendums on term limits? USDA responded that a failed vote would be the end of the discussion.

**The motion carried unanimously.**

Mr. J. Marthedal stated that we would move on with the 9-points for each of the five proposals. Each 9-point document would be read by a staff member, then the motion would be read, and should the motion receive a second, discussion would be had on each proposal.

Mr. J. Marthedal called on Ms. M. Jones to read the 9-points for the Continuance Referenda Authority (**attached**).

→ **Moved by Mr. J. Marthedal, seconded by Mr. D. Cardoza to approve recommending to USDA the proposed Continuance Referenda amendment to the Raisin Marketing Order 989 as presented (No less than five years and no later than six years of the effective date).**

Discussion followed regarding the timing of the first referenda. It was stated that 5-6 years is too long as growers want accountability the referenda needs to be sooner than 5 years. Something sooner would force the industry to make changes without prolongation. While 5-6 years is typical of other marketing orders, the raisin industry has not been typical over the last 20 years.

→ **Moved by Mr. S. Kister, seconded by Mr. E. Coehlo to amend the motion and strike "No less than five years and no later than six years of the effective date..." from #1 of the proposal "Continuance Referenda Authority", and change it to "No less than two years and no later than three years of the effective date".**

Mr. G. Goto stated that lengthy discussions were held in the Rulemaking Workgroup meetings when this topic was brought to the workgroup. He continued that the motion as amended was not a motion the RBA would support. It was stated that there were some in the Workgroup who opposed the topic of continuance referenda as presented by USDA. There were others that thought a longer time would be more appropriate, and the compromise became the 5-6 years as presented today.

Roll call vote was requested on the amendment.

**The amendment to the motion (strike no less than five years, no later than six years of the effective date..., inserting no less than two years, no later than three years of the effective date...) passed by Roll Call Vote of 15 Yes Votes and 12 No Votes.**

**YES:** Mr. G. Chooljian, Mr. E. Coelho, Mr. R. Efird, Mr. B. Epperson, Mr. D. Hoff, Mr. D. Housepian, Mr. B. Jensen, Mr. J. Jue, Mr. D. King, Mr. S. Kister, Mr. B. Kriebel, Mr. M. Moriyama, Mr. M. Nielsen, Mr. D. Peters, and Mr. R. Stark.

**NO:** Mr. K. Barsarian, Mr. D. Cardoza, Mr. K. Chatha, Mr. G. Goto, Mr. M. Kazarian, Mr. R. Kazarian, Mr. J. Marthedal, Mr. J. Milinovich, Mr. V. Sahatdjian, Mr. R. Sahatjian, Mr. M. Sangha, and Mr. S. Spate.

**The main motion as amended to change the timing of the first Continuance Referenda to “No less than two years and no later than three years of the effective date...” passed by Roll Call Vote 16 Yes Votes and 11 No Votes.**

**YES:** Mr. G. Chooljian, Mr. E. Coelho, Mr. R. Efird, Mr. B. Epperson, Mr. D. Hoff, Mr. D. Housepian, Mr. B. Jensen, Mr. J. Jue, Mr. D. King, Mr. S. Kister, Mr. B. Kriebel, Mr. J. Marthedal, Mr. M. Moriyama, Mr. M. Nielsen, Mr. D. Peters, and Mr. R. Stark.

**NO:** Mr. K. Barsarian, Mr. D. Cardoza, Mr. K. Chatha, Mr. G. Goto, Mr. M. Kazarian, Mr. R. Kazarian, Mr. J. Milinovich, Mr. V. Sahatdjian, Mr. R. Sahatjian, Mr. M. Sangha, and Mr. S. Spate.

Discussion followed regarding what would happen at the hearing and how the proposals would be heard. Ms. M. Schmaedick responded that once the hearing notice was mailed, it would include the proposals recommended today and that only those proposals would be discussed. Testimony for and against each proposal would be heard, but no changes or new recommendations for proposals could be made during the hearing.

Ms. M. Schmaedick continued that her recommendation today would be to consider inserting language that allows some flexibility for the first continuance referendum to occur, example could be “shall occur between the 2<sup>nd</sup> and 3<sup>rd</sup> year or another time period as recommended by the Committee and approved by the secretary not to exceed 5 years”, this creates a loophole that allows you to adjust as needed.

Discussion continued asking why couldn't the Committee at anytime we wanted ask for a continuation referendum, whether it is every year or every one-hundred years? Ms. M. Schmaedick responded that should a Committee decide on its own to do a referendum, it is usually a termination referendum. At that point the Committee would petition the USDA to hold a termination referendum deciding whether to terminate the order or continue. Approximately 2/3<sup>rd</sup> of Marketing Orders have a continuous referenda authority in their programs. This goes back to making sure that the program is fulfilling its intended purpose and that is why it is a grower vote as growers initially voted to implement the order.

Ms. M. Schmaedick stated that Termination referendum requires 50% of the industry to respond and vote. Continuance is a 2/3<sup>rd</sup> vote by number or volume of those voting. Should the voting come very close to failing, the USDA is known to have listening sessions, where they go out into the industry and listen to the growers. Then a second referendum would be voted upon and the tally would be final.

→ **Moved by Mr. S. Kister, seconded by Mr. B. Kriebel to reconsider the previous motion as amended and change the time period to now state “No less than 2 years and no later than 5 years of the effective date...”**

Discussion continued and a 5-minute caucus was requested.

The Chairman called the group back and resumed the meeting.

The motion was restated for the committee for reconsideration.

Mr. G. Goto requested to amend the motion on the floor.

Mr. J. Marthedal announced a Point of Order – that the motion to reconsider cannot be amended. Discussion followed on the changing of the reconsidered motion from 2-5 years to 2-6 years. Mr. S. Kister allowed the change to his motion and Mr. B. Kriebel, who seconded the motion, agreed.



→ **Moved by Mr. S. Kister, seconded by Mr. B. Kriebel to reconsider the previous motion as amended and change the time period to now state “No less than two years and no later than six years of the effective date...”**

→ **Moved by Mr. K. Barserian, seconded by Mr. K. Chatha to table the motion on the floor and continue discussion on the other items.**

**The motion to table the discussion of the Continuation Referenda Authority carried unanimously.**

→ **Moved by Mr. G. Chooljian, seconded by Mr. D. Housepian to bring the discussion of the Continuation Referenda Authority back to the floor and continue discussion.**

**The motion to take from the table discussion of the Continuation Referenda Authority carried unanimously.**

The reconsidered motion was again on the floor for a vote by the Committee and a Roll Call Vote was requested and the motion was restated for the record.

→ **Moved by Mr. S. Kister, seconded by Mr. B. Kriebel to reconsider the previous motion as amended and change the time period to now state “No less than two years and no later than six years of the effective date...”**

**The reconsidered motion passed by Roll Call Vote 16 Yes Votes and 10 No Votes.**

**YES:** Mr. G. Chooljian, Mr. E. Coelho, Mr. R. Efirid, Mr. B. Epperson, Mr. D. Hoff, Mr. D. Housepian, Mr. B. Jensen, Mr. J. Jue, Mr. D. King, Mr. S. Kister, Mr. B. Kriebel, Mr. J. Marthedal, Mr. M. Moriyama, Mr. M. Nielsen, Mr. D. Peters, and Mr. R. Stark.

**NO:** Mr. K. Barserian, Mr. D. Cardoza, Mr. K. Chatha, Mr. G. Goto, Mr. M. Kazarian, Mr. J. Milinovich, Mr. V. Sahatdjian, Mr. R. Sahatjian, Mr. M. Sangha, and Mr. S. Spate.

Mr. J. Marthedal called on Ms. D. Powell to read the 9-points for the Authority to Separate Nominations for Independent Grower Member and Alternate Member Seats (**attached**).

→ **Moved by Mr. J. Marthedal, seconded by Mr. K. Barserian to approve recommending to USDA the Proposed Independent Grower Nominations amendment to the Raisin Marketing Order 989 as presented.**

**The motion carried unanimously.**

Mr. J. Marthedal called on Ms. D. Rothweiler to read the 9-points for the Production Research Authority (**attached**).

→ **Moved by Mr. J. Marthedal, seconded by Mr. S. Spate to approve recommending to USDA the proposed Production Research amendment to the Raisin Marketing Order 989 as presented.**

**The motion carried unanimously.**

Mr. J. Marthedal called on Ms. D. Rothweiler to read the 9-points for the Authority to Regulate Quality as a Clarifying Change (**attached**).

- **Moved by Mr. J. Marthedal, seconded by Mr. D. Cardoza to approve recommending to USDA the proposed Quality Authority amendment to the Raisin Marketing Order 989 as presented.**

Discussion followed regarding whether or not the industry has the authority to make changes to quality standards. Ms. M. Schmaedick stated that the confusing thing about the Raisin Order is that there are so many references to quality, but there is not a specific statement that says the Industry has the authority to regulate quality. If we had the authority to regulate quality, then a recommendation could be made through informal rulemaking to proceed to implement a program.

**The motion carried unanimously.**

Mr. J. Marthedal called on Ms. D. Powell to read the 9-points for the Authority to Establish Different Regulations for Different Market Destinations (**attached**).

- **Moved by Mr. J. Marthedal, seconded by Mr. K. Barsarian to approve recommending to USDA the proposed Different Market Destination amendment to the Raisin Marketing Order 989 as presented.**

**The motion carried unanimously.**

### **OTHER BUSINESS**

Discussion followed regarding the order in which the proposals had been presented. Consensus was that had the 1<sup>st</sup> proposal on the Continuation Referenda been last, the discussion might have gone a very different way with a more unanimous vote.

Mr. J. Marthedal stated that he would take responsibility for the order in which the proposals were presented and he should have been more involved with staff during the planning process. He continued that to some extent USDA has pushed us into a timeline that is unreasonable and we have done what we can in the timeframe we have been given.

Discussion followed regarding the need for unanimous votes from the Committee for USDA to know that everyone is in agreement and that actions won't be filed against the Committee for the decisions that not everyone agrees with.

Mr. V. Sahatdjian stated that in proposal #5 "Authority to Establish Different Regulations for Different Market Destinations", in question #4, paragraph #2 the statement "Different regulations for different market destinations would not prevent product from being sold into the market. Instead, it would match product attributes to the consumer profile and customer demands of each market. For example, the current language, "customers in Japan are likely to demand a different quality or raisin than customers in Mexico", may be taken the wrong way and he would like to ask that this be rewritten or removed from the document. The Committee agreed to the statement being taken out.

Mr. G. Goto stated that what we have done here today was agree that there are 5 potential formal rules that we want to take forward and allow the growers of the industry to vote.

Ms. M. Schmaedick stated that the last time the Order was amended was in 1989, and the proposals that are being proposed today are quite phenomenal and will give the industry some really good tools that can make the program work better for the industry. She finished by saying she feels privileged to be a part of what the industry is trying to accomplish.

Ms. D. Powell reported that the letter addressed to Ms. Elanor Starmer would be sent along with the five proposals, as presented and revised today, for review and approval (**attached**).

Chairman Schutz called for any further business, hearing none, adjourned the meeting at 5:03 p.m.

I, the undersigned, do hereby certify that I am the Interim President/General Manager of The Raisin Administrative Committee and that the foregoing is a true and correct copy of the Minutes of the Meeting of the Raisin Administrative Committee held on 1/27/16.

IN WITNESS THEREOF, I have hereunto set my hand this 18<sup>th</sup> day of March.

DATE 3/18/16

  
Debbie Powell, Interim President/General Manager  
Raisin Administrative Committee

FORMAL RULEMAKING  
JUSTIFICATION OF PROPOSAL

Proposal: Continuance Referenda Authority

1. What is the purpose of the proposal?

See proposed text:

“No less than two years and no later than six years of the effective date of this part, the Secretary shall conduct a referendum to ascertain whether continuance of this part is favored by producers. Subsequent referenda to ascertain continuance shall be conducted every six years thereafter.”

USDA policy states the need to periodically ascertain whether or not the order is favored by growers of the regulated commodity and the policy upholds the intent of the Act. It is important to the raisin industry that the parameters of continuance referenda fit the needs and the characteristics of the raisin industry and this proposal meets the industry’s needs.

2. What problem is the proposal designed to address? Explain/quantify.

Presently, the industry does not monitor grower support of the Federal order. The Federal marketing order does not have language requiring a continuance referendum. The order was created in 1949 and a referendum on the need for the order was last conducted in 1989. A continuance referendum would provide a tool to the industry to gauge industry support for the marketing order.

The proposed timeframe of 6 years makes the most sense for the industry. An alternative of 5 years was considered, but it was determined that that period was too soon and greater than 6 years was considered too long. Also, 6 years is a typical timeframe for other Federal marketing orders.

3. What are the current requirements or industry practices relative to the proposal?

Currently there is no requirement in place for the raisin marketing order to conduct continuance referendum.

4. What are the expected impacts on producers, handlers and consumers?

Minimal costs associated with grower outreach, education and communication is anticipated but not expected to be burdensome.

The addition of continuance referendum every 6 years would keep the marketing order responsive to industry needs as well as accountable to the industry that funds its programs. The referendum process can be used by industry as a tool to gauge industry support for the programs provided for by the marketing order.

5. How would the proposal tend to improve returns to producers? Quantify.

While a continuance referendum does not directly tie to producer returns, it can be used as a tool to measure industry support for the order. Should the order continue to provide beneficial programs that result in improved producer returns, the continuance referendum would reflect the success of the programs with the results of the referendum showing support for continuance of the order.

6. What are the expected effects on small businesses?

If the concern is that small growers don't have a voice then this would ensure that the smaller growers would have a voice through the democratic voting process of the referendum.

7. Would the proposal increase or decrease costs to producers, handlers, committees and/or USDA? Explain/quantify.

This is anticipated to be cost-neutral overall, while there may be minimal cost associated with education, outreach, and execution.

8. How would the proposal be implemented?

If this proposal were to pass, the first continuance referendum would occur between the 2<sup>nd</sup> and 6<sup>th</sup> year, because longer than 6 years was considered too long and less than 2 years was considered too soon, and every 6 years thereafter was considered adequate amount of time to assess industry support for continuation of the marketing order.

9. How would compliance with the proposal be effected? Explain/quantify.

There is a well-established process at the USDA for the conduct of referenda.

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The benefits, privileges, and immunities conferred upon any person by virtue of this amended subpart shall cease upon the termination of this amended subpart, except with respect to acts done under and during the existence of this subpart.

#### **§989.89 Agents.**

The Secretary may, by a designation in writing, name any person, including any officer or employee of the United States Government, or name any bureau or division in the United States Department of Agriculture, to act as his agent or representative in connection with any of the provisions of this amended subpart.

#### **§989.90 Effective time.**

The provisions of this amended subpart, as well as any amendments to this amended subpart shall become effective at such time as the Secretary may declare, and shall continue in force until terminated, or during suspension, in one of the ways specified in §989.91.

#### **§989.91 Suspension or termination.**

(a) The Secretary may, at any time, terminate the provisions of this amended subpart by giving at least one day's notice by means of a press release or in any other manner which he may determine.

(b) The Secretary shall terminate or suspend the operation of any or all of the provisions of this amended subpart, whenever he finds that such provisions do not tend to effectuate the declared policy of the act.

(c) Within No less than five two years and no later than six years of the effective date of this part amendment, the Secretary shall conduct a referendum to ascertain whether continuance of this part is favored by producers. Subsequent referenda to ascertain continuance shall be conducted every six years thereafter. The Secretary may terminate the provisions of this part at the end of any fiscal period in which the Secretary has found that continuance of this part is not favored by a two-thirds majority of voting producers, or a two-thirds majority of volume represented thereby, who, during a representative period determined by the Secretary, have been engaged in the production for market of grapes used in the production of raisins in the State of California. Such termination shall be announced on or before the end of the production year<sup>[MSS]</sup>.

(d) The Secretary shall terminate the provisions of this amended subpart at the end of any crop year whenever he finds that such termination is favored by a majority of the producers who, during a representative period determined by the Secretary, have been engaged in the production for market of grapes used in the production of raisins in the State of California: *Provided*, That such majority have, during such representative period, produced for market more than 50 percent of the volume of such grapes produced for market within said State; but such termination shall be effective only if announced before July 31 of the then current crop year.

(e) The provisions of this amended subpart shall, in any event, terminate whenever the provisions of the act authorizing them cease to be in effect.

#### **§989.92 Proceedings after termination.**

(a) Upon the termination of the provisions of this amended subpart, the members of the ~~committee~~Committee then functioning shall continue as joint trustees for the purpose of liquidating the affairs of the committee, of all funds and property then in the possession or under the control of the ~~committee~~Committee, including claims for any funds unpaid or property not delivered at the time of such termination. Action by said trusteeship shall require the concurrence of a majority of the said trustees.

(b) Said trustees shall continue in such capacity until discharged by the Secretary; shall, from time to time, account for all receipts and disbursements and deliver all property on hand, together with all books and records of the ~~committee~~Committee and the joint trustees, to such person as the Secretary may direct; and shall, upon the request of the Secretary, execute such assignments or other instruments necessary or appropriate to vest in such person full title and

FORMAL RULEMAKING  
JUSTIFICATION OF PROPOSAL

Proposal: Add Authority to Separate Nominations for Independent Grower Member and Alternate Member Seats

1. What is the purpose of the proposal?

The Raisin Administrative Committee (RAC) would like to increase the participation on the Committee for the Independent growers. The proposed amendment would modify Section 989.29 Initial members and nomination of successor members. This section would be modified to separate the nomination(s) of members and alternates.

2. What problem is the proposal designed to address? Explain/quantify.

Each year the member seats are filled, but there is not enough participation to fill the alternate member seats. Currently, the independents should be represented by 15 independent grower member seats and 15 alternate member seats. The 15 member seats and 4 alternate member seats are filled leaving 11 vacant alternate member seats. The member seats are filled each election due to how the votes are tabulated (see #3). Each term there are several vacancies on the alternate member positions. The industry believes that this is because there is uncertainty about whether a candidate will be seated as a member or an alternate in the current nomination process. At the time of their enrollment as a nominee, the individuals participating in the current independent grower nomination do not know whether they will be a member or an alternate member. The industry believes that some independent growers are hesitant to enroll for nomination because of this uncertainty. The time commitment of an alternate member is a lesser load than that of a member. If growers were able to limit their nomination to only the alternate member seats the industry believes that their participation could increase.

3. What are the current requirements or industry practices relative to the proposal?

Currently independent growers' nominations are conducted by growers nominating each other to serve on the RAC. There is no distinction between members and alternates until the votes are tabulated. Section 989.29 (2)(ii) states the producer receiving the highest number of votes shall be designated as the first member nominee, the second highest shall be designated as the second member nominee or alternate member nominee, as the case may be, until nominees for all member and alternate member positions have been filled.

4. What are the expected impacts on producers, handlers and consumers?

This proposal would positively impact the industry. If the proposal was implemented and alternate seats were filled, there would be "fuller" representation of the industry

interests and perspectives represented. “Full” participation of the industry groups would fulfill the intent of the Act and, therefore, the marketing order.

5. How would the proposal tend to improve returns to producers? Quantify.

Independent growers would benefit from “full” representation on the RAC. “Full” representation would give the independent growers their representative voice in the RAC decision-making process and therefore equate to representative fiduciary participation.

6. What are the expected effects on small businesses?

There are small independent growers that are on the RAC as either members or alternates. If independent growers were allowed to run as alternates members only this could increase the representation of small independent grower businesses.

7. Would the proposal increase or decrease costs to producers, handlers, committees and/or USDA? Explain/quantify.

The two nomination processes would result in minimal more work for the RAC and USDA. Today there are several alternate member vacancies. If there were no additional alternate member candidates, things would remain the same.

Given the way the proposal is written, member nominees could elect to serve as alternates if they are not nominated as members. This would mimic the way nominations are currently held. Meaning, the proposal allows for independent growers who are not willing to commit to a member seat to serve in an alternate capacity....but the proposal does not necessarily change or impede the current nomination process if there are no alternate candidates. So, it can be said that any additional costs would be solely driven by the presence of alternate nominee candidates and, in their absence, there wouldn't be any additional costs. If there were alternate candidates, the benefit of representation would outweigh the additional cost.

8. How would the proposal be implemented?

The proposal would result in a call for nominations for both independent grower members as well as their alternate members. In other words, two calls for nomination. The nominees would be subjected to the current requirements for background and acceptance prior to the nomination vote. The independent grower member candidates have the opportunity to indicate whether or not they would like to be placed as an alternate member in the event that they did not score high enough to be a member nominee. Tabulation of nominee votes would be handled differently. The votes for member seats would be tabulated separately from the alternate member seats. The members that received the most votes will be forwarded to the USDA for consideration and selection as well as the member alternate seats.



9. How would compliance with the proposal be effected? Explain/quantify.

USDA oversees the nomination process, reviews background and acceptance statements, and has selection authority.

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percent of the total raisin acquisitions during the preceding crop year may be made to the Committee by mail in lieu of meetings.

(2)(i) Any producer representing independent producer and producers who are affiliated with cooperative marketing association(s) handling less than 10 percent of the total raisin acquisitions during the preceding crop year must have produced grapes which were made into raisins in the particular district for which they are nominated to represent said district as a producer member or alternate producer member on the committee. In the event any such nominee is engaged as a producer in more than one district, such producer may be a nominee for only one district. One or more producers may be nominated for each such producer member or alternate member position.

(ii) Each such producer whose name is offered in nomination for producer member positions to represent on the ms1 committee independent producers or producers who are affiliated with cooperative marketing association(s) handling less than 10 percent of the total raisin acquisitions during the preceding crop year shall be given the opportunity to provide the committee a short statement outlining qualifications and desire to serve if selected to represent on the committee independent producers or producers who are affiliated with cooperative marketing association(s) handling less than 10 percent of the total raisin acquisitions during the preceding crop year. Similarly, each such producer whose name is offered in nomination for producer alternate member positions to represent on the committee independent producers or producers who are affiliated with cooperative marketing association(s) handling less than 10 percent of the total raisin acquisitions during the preceding crop year shall be given the opportunity to provide the committee a short statement outlining qualifications and desire to serve if selected. These brief statements, together with a ballot and voting instructions, shall be mailed to all independent producers and producers who are affiliated with cooperative marketing associations handling less than 10 percent of the total raisin acquisitions during the preceding crop year of record with the committee in each district. The producer member candidate receiving the highest number of votes shall be designated as the first member nominee, the second highest shall be designated as the second member nominee or alternate member nominee, as the case may be, until nominees for all member and alternate member positions have been filled. Similarly, the producer alternate member candidate receiving the highest number of votes shall be designated as the first alternate member nominee, the second highest shall be designated as the second alternate member nominee until nominees for all member positions have been filled.

(iii) In the event that there are more producer member nominees than positions to be filled and not enough producer alternate member nominees to fill all positions, producer member nominees not nominated for a member seat may be nominated to fill vacant alternate member seats. Member seat nominees shall indicate, prior to the nomination vote, whether they are willing to accept nomination for an alternate seat in the event they are not nominated for a member seat and there are vacant alternate member seats. Member seat nominees that do not indicate willingness to be considered for vacant alternate member seats shall not be considered.

(iii) Each independent producers or producers affiliated with cooperative marketing association(s) handling less than 10 percent of the total raisin acquisitions during the preceding crop year shall cast only one vote with respect to each position for which nominations are to be made. Write-in candidates shall be accepted. The person receiving the most votes with respect to each position to be filled, in accordance with paragraph (b)(2)(ii) of this section, shall be the person to be certified to the Secretary as the nominee. The committee may, subject to the approval of the Secretary, establish rules and regulations to effectuate this section.

(3) One or more eligible handlers for each handler position to be filled may be proposed for nomination to represent independent handlers and cooperative marketing association(s) which acquired less than 10 percent of the total raisin acquisitions during the preceding crop year on the Committee. Nominations shall be made by and from handlers, or employees, representatives or agents of handlers falling within such groups. Each handler shall cast only one vote with respect to each position for which nomination is to be made. The person receiving the most votes with respect to each handler member of handler alternate member position shall be the person to be certified to the Secretary as the nominee for each such position.

(4) Each vote cast shall be on behalf of the person voting, the person's agent, subsidiaries, affiliates, and representatives. Voting at each handler meeting shall be in person. The results of each ballot at each handler meeting shall be announced at that meeting.

FORMAL RULEMAKING  
JUSTIFICATION OF PROPOSAL

Proposal: Production Research Authority

1. What is the purpose of the proposal?

The ability to conduct Crop Research in the event the California Raisin Marketing Board (CRMB) ceases to exist or is not financially able to support this activity.

2. What problem is the proposal designed to address? Explain/quantify.

Crop research is not in the existing order and the industry has current research needs in; Research in breeding, germplasm and evaluation, cultural practices, pest and disease management, irrigation practices, improved mechanization, water conservation, etc.

One of the key functions of the CRMB is to conduct crop research on behalf of the raisin industry. It had done so until approximately 3 years ago when litigations ultimately resulted in a stop in CRMB assessment collection until those cases are resolved. This put a halt to all crop research activities that were ongoing at the time. That program is at risk due to the litigations as well as a referendum every five (5) years. If the CRMB ceases to exist, the industry would lose the ability on a collective effort to continue crop research.

3. What are the current requirements or industry practices relative to the proposal?

See 2. The CRMB has the authority to conduct crop production research. That program is at risk due to the litigations as well as a referendum every five (5) years. If the CRMB ceases to exist, the industry would lose the ability on a collective effort to continue its research efforts, such as: Development of improved raisin grapes for mechanical harvest including types resistant to powdery mildew, Nematode resistance rootstocks, early ripening raisin varieties, control for raisin moth, sustainable controls for Vine Mealybug, weed control, to name only a few.

This research has been beneficial to the industry and it is important to be able to continue research in areas such as water management, insect and disease control, improved root stocks, improved mechanization methods, fertilization, etc. These are all important issues to the industry as they have an impact on productivity, quality and yield, as well as helping our growers be financially sustainable while being environmentally conscious by using substantially less chemical products.

4. What are the expected impacts on producers, handlers and consumers?

It would help to reduce insect and disease damage, increase yield and quality, reduce

labor and production costs and improve shelf life, all of which benefits the producer and handler. The results ultimately mean a better product for the consumer while working to stay within a competitive price market.

5. How would the proposal tend to improve returns to producers? Quantify.

If costs of inputs decrease as a result of production research, this would impact the grower's bottom line assuming the farm gate price for raisins remained the same.

6. What are the expected effects on small businesses?

Small businesses are not able to conduct production research on their own in absence of this authority. A collective action is necessary.

7. Would the proposal increase or decrease costs to producers, handlers, committees and/or USDA? Explain/quantify.

Research should be industry supported and should help our growers be financially sustainable while being environmentally conscious by using substantially less chemical products. It would help to reduce insect and disease damage, increase yield and quality, reduce labor, production costs, and improve shelf life, all which provide a net benefit the producer and handler.

8. How would the proposal be implemented?

If authority for production research was established and the CRMB ceased to conduct production research, a work group would be organized to review potential research projects. These would be recommended to the RAC for approval and to establish a budget. The budgeting process would be reviewed by both the RAC and USDA. If additional budget funds were necessary, the assessment rate would be increased to cover the costs of production research. This increase in assessments would result in rulemaking by USDA, a process that also includes a public comment period prior to implementation.

9. How would compliance with the proposal be effected? Explain/quantify.

See 8. All RAC actions, including expenditures are subject to USDA oversight. USDA would be included in the review and approval of any proposed research project as part of the budget review process.

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quorum. The Committee shall give to the Secretary the same notice of meetings of the Committee as it gives to its members.

#### **§989.39 Compensation and expenses.**

The members and alternate members of the committee shall serve without compensation, but shall be allowed their necessary expenses as approved by the committee.

### **RESEARCH AND DEVELOPMENT**

#### **§989.53 Research and development.**

(a) *General.* The Committee, with the approval of the Secretary, may establish or provide for the establishment of projects involving production research, marketing research and development, and marketing promotion including paid advertising, designed to assist, improve, or promote the production, marketing, distribution, and consumption of raisins in domestic and foreign markets. These projects may include, but need not be limited to those designed to<sup>[MS2]</sup>:

- (1) Improve through research the accuracy of raisin production estimates;
- (2) Improve through research the preparation for market, sanitation, quality, condition, storability, processing, or packaging of raisins;
- (3) Ascertain through research the factors affecting acceptance of raisins by manufacturers or consumers;
- (4) Promote the marketing, distribution, or consumption of raisins in domestic and foreign markets by collecting data thereon, consulting with members of the trade, and making the information available to producers, handlers, and exporters; and
- (5) Promote the marketing, distribution, or consumption of raisins in foreign markets through the use of merchandising programs.

~~The expense of any such project relating solely to free tonnage raisins shall be paid from funds collected pursuant to §989.80. The expense of any such project relating solely to reserve tonnage raisins shall be paid from the sale proceeds of such raisins. If any such project encompasses both free tonnage and reserve tonnage raisins, such as one which is designed to promote the consumption in export outlets of raisins generally on a long-term basis, the expense of the project may be allocated between the assessment fund and the pool fund.~~

(b) *Creditable expenditures.* The Committee, with the approval of the Secretary, may provide for crediting all or any portion of a handler's direct expenditures for marketing promotion, including paid advertising, that promotes the sale of raisins, raisin products, or their use. No handler shall receive credit for any allowable direct expenditures that would exceed the total of his assessment obligation which is attributable to that portion of his assessment designated for marketing promotion including paid advertising.

(c) *Criteria.* Before any project involving marketing promotion, including paid advertising, and the crediting of the handler's pro rata expense assessment obligation of handlers is undertaken pursuant to this section, the Secretary after recommendation by the Committee, shall approve appropriate criteria to effectively regulate such activity.

### **MARKETING POLICY**

#### **§989.54 Marketing policy.**

~~(a) *Trade demand.* On or before August 15 of each crop year, the Committee shall hold a meeting to review shipment data, inventory data, and other matters relating to the quantity of raisins of all varietal types. For any varietal type for which a free tonnage percentage may be recommended, the Committee shall compute a trade demand. The~~

FORMAL RULEMAKING  
JUSTIFICATION OF PROPOSAL

Proposal: Add authority to regulate quality as a clarifying change.

1. What is the purpose of the proposal?

This proposal would add “quality” to the list of attributes that can be regulated under the order. The insertion of the word “quality” would follow the words “minimum grade” in sections 989.58 (Natural condition raisins), 989.59 (Regulation of the handling of raisins subsequent to their acquisition by handlers), and 989.61 (above parity situations). This proposal would also clarify the intent of sections 989.53 (Research and development), 989.54 (Marketing policy), 989.73 (Reports), 989.107 (Inspection certificate), “Quality Control” sections 989.157-989.160, and form FV 146 “Certificate of Quality and Condition”, which all refer to the regulation of “quality” under the order.

2. What problem is the proposal designed to address? Explain/quantify.

Currently, sections 989.58 and 989.59 of the order state that the Committee has authority to recommend grade and condition standards regulation under the order. The attribute “quality” is not specifically mentioned. However, other current sections of the order indicate that quality is in fact a currently regulated attribute, as is stated clearly on the inspection certificate FV 146 “Certificate of Quality and Condition.”

Moreover, the Committee is contemplating the need to implement a testing and regulation, primarily for Ochratoxin, a naturally occurring fungus. A tolerance limit for this fungus is in place for a product entering into the European Union markets, and the ability of the industry to meet that market’s import requirements are vital to continued trade. By implementing regulation under the order, the industry would be certain that this requirement would be equally applied to all handlers of raisins.

Furthermore, in the event that the industry desires to implement further regulation to conform to forthcoming FDA guidelines under the Food Safety Modernization Act, those regulations may not fall within the traditional framework of grade and condition standards. Thus, the authority to regulate quality would provide the Committee with the flexibility to meet future regulatory needs of its industry.

3. What are the current requirements or industry practices relative to the proposal?

Current order language clearly indicates the intent to regulate quality. Quality is mentioned in several sections of the order (see question 1). However, the authority to regulate quality is not expressly stated in the handling regulation sections of the order.

4. What are the expected impacts on producers, handlers and consumers?

The impact on industry as a result of this proposal is minimal. If approved in referendum by growers, the addition of “quality” to the list of attributes that can be regulated under the order would not necessarily result in new regulation. Any new regulation would need to be developed and vetted as a proposal, approved and recommended by the RAC, published by USDA as a proposed rule, receive public comment and USDA approval prior to being implemented.

The inclusion of “quality” would support and further strengthen the current usage of this term in the order, and its application in current inspections and order activities.

5. How would the proposal tend to improve returns to producers? Quantify.

As mentioned above, the addition of the authority to regulate quality would not, in itself, result in new regulation. However, if new quality regulations were recommended by the RAC and approved by USDA, such regulations would address quality concerns within the industry. For example, if Ochratoxin were to be regulated, its regulation would benefit the industry by ensuring that high levels of this fungus were not placed into the market. In addition, foreign markets sensitive to Ochratoxin levels would be assured that California raisins are adequately regulated against it. This type of regulation would assure customers of the industry’s oversight of product quality.

6. What are the expected effects on small businesses?

Small businesses are expected to benefit from the committee’s ability to proactively regulate quality of product, thereby ensuring that domestic consumers and foreign markets are confident in California raisins. As mentioned in the response to questions 4 and 5, this proposal simply adds the authority to regulate quality; no specific regulation is being proposed at this time. While there is the potential for increased costs if a new regulation were implemented, these are expected to be minimal. California raisins are currently inspected. The addition of another inspection parameter is unlikely to result in significant costs.

7. Would the proposal increase or decrease costs to producers, handlers, committees and/or USDA? Explain/quantify.

As explained in the response to questions to 4, 5 and 6, this proposal would result in the addition of the authority to regulate quality under the order. This proposal does not have an economic impact at this time.

8. How would the proposal be implemented?

If approved by voters in the referendum, this authority would allow the Committee to make recommendations for regulation to USDA. Any new regulation would need to be developed and vetted as a proposal, approved and recommended by the RAC, published by USDA as a proposed rule, receive public comment and USDA approval prior to being implemented.

9. How would compliance with the proposal be effected? Explain/quantify.

As explained in the response to questions to 4, 5 and 6, this proposal would result in the addition of the authority to regulate quality under the order. This proposal does not have a compliance impact at this time.



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#### §989.56 Raisin diversion program.

(a) *Announcement of program.* On or before November 30 of each crop year, the committee shall hold a meeting to review production data, supply data, demand data, including anticipated demand to all potential market outlets, desirable carryout inventory, and other matters relating to the quantity of raisins of all varietal types. When the committee determines that raisins exist in the reserve pool in excess of projected market needs for any varietal type, it may announce the amount of such tonnage eligible for diversion during the subsequent crop year. At the same time, the committee shall determine and announce to producers, handlers, and the cooperative bargaining association(s) the allowable harvest cost to be applicable to such diversion tonnage. A production cap of 2.75 tons of raisins per acre shall be established for any production unit approved for participation in a diversion program. The committee, with the approval of the Secretary, may recommend, at the same time that the diversion tonnage for that season is announced, a change in the production cap for that season's diversion program of less than 2.75 tons per acre for any production unit approved for the diversion program.

(b) *Voluntary diversion.* No producer shall be required to participate in any raisin diversion program.

(c) *Issuance of diversion certificates.* After the committee announces a raisin diversion program, any producer may divert grapes of the producer's own production and receive from the committee a diversion certificate in accordance with the applicable rules and regulations. Such certificates may only be submitted by producers to handlers in accordance with applicable rules and regulations. Diversion certificates issued by the committee shall apply to a specific production unit and shall be equal to the creditable fruit weight, not to exceed the production cap established pursuant to paragraph (a) of this section, of such raisins produced on such unit during the prior crop year or the last prior crop year eligible for such diversion: *Provided*, That in the case of a production unit, or partial production unit, removed from production through vine removal or other means established by the committee, the committee may issue a diversion certificate in an amount greater than the creditable fruit weight of the raisins produced therein or the production cap applicable.

(d) *Redemption of diversion certificates.* Handlers may redeem diversion certificates for reserve pool raisins. To redeem a certificate, a handler must present the diversion certificate to the Committee and pay the Committee an amount equal to the harvest cost it has established, plus an amount equal to the payment for receiving, storing, fumigating, handling, and inspecting reserve tonnage raisins specified in §989.401 for the entire tonnage represented on the certificate. Upon receipt of the diversion certificate, the Committee shall note on the certificate that it is cancelled.

(e) *Implementation of the program.* The Committee shall establish, with the approval of the Secretary, such rules and regulations as may be necessary for the implementation and operation of a raisin diversion program.

## GRADE AND CONDITION STANDARDS

#### §989.58 Natural condition raisins.

(a) *Regulation.* No handler shall acquire or receive natural condition raisins which fail to meet such minimum grade and condition standards as the committee may establish, with the approval of the Secretary, in applicable rules and regulations: *Provided*, That a handler may receive raisins for inspection, may receive off-grade raisins for reconditioning and may receive or acquire off-grade raisins for use in eligible non-normal outlets: *And provided further*, That a handler may acquire natural condition raisins which exceed the tolerance established for maturity under a weight dockage system established pursuant to rules and regulations recommended by the committee and approved by the Secretary. Nothing contained in this paragraph shall apply to the acquisition or receipt of natural condition raisins of a particular varietal type for which minimum grade and condition standards are not applicable or then in effect pursuant to this part.

(b) *Changes in minimum grade, quality<sup>(SM-A3)</sup> and condition standards for natural condition raisins.* The committee may recommend to the Secretary changes in the minimum grade, quality and condition standards for natural condition raisins of any varietal type and may recommend to the Secretary that minimum grade, quality and condition standards for

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any varietal type be added to or deleted. The committee shall submit with its recommendation all data and information upon which it acted in making its recommendation, and such other information as the Secretary may request. The Secretary shall approve any such change if he finds, upon the basis of data submitted to him by the committee or from other pertinent information available to him, that to do so would tend to effectuate the declared policy of the act.

(c) *Publicity and notice.* The committee shall give prompt and reasonable publicity to producer, dehydrators, and handlers of each recommendation submitted by it to the Secretary and of each regulation issued by the Secretary. Notice of such regulation shall be given to all handlers by registered or certified mail.

(d) *Inspection and certification.* (1) Each handler shall cause an inspection and certification to be made of all natural condition raisins acquired or received by him, except with respect to: (i) An interplant or interhandler transfer of offgrade raisins as described in paragraph (e)(2) of this section, unless such inspection and certification are required by rules and procedures made effective pursuant to this amended subpart; (ii) an interplant or interhandler transfer of free tonnage standard raisins as described in §989.59(e); (iii) raisins received from a dehydrator which have been previously inspected pursuant to paragraph (d)(2) of this section; (iiiiv) any raisins for which minimum grade, quality and condition standards are not then in effect; (iv) raisins received from a cooperative bargaining association which have been inspected and are in compliance with requirements established pursuant to paragraph (d)(3) of this section; and (vi) any raisins, if permitted in accordance with such rules and procedures as the committee may establish with the approval of the Secretary, acquired or received for disposition in eligible nonnormal non-normal outlets. The handler shall be reimbursed by the committee for inspection costs incurred by him and applicable to pool tonnage held for the account of the committee.

Except as otherwise provided in this section, prior to blending raisins, acquiring raisins, storing raisins, reconditioning raisins, or acquiring raisins which have been reconditioned, each handler shall obtain an inspection certification showing whether or not the raisins meet the applicable grade, quality and condition standards: *Provided*, That the initial inspection for infestation shall not be required if the raisins are fumigated in accordance with such rules and procedures as the committee shall establish with the approval of the Secretary. The handler shall submit or cause to be submitted to the committee a copy of such certification, together with such other documents or records as the committee may require. Such certification shall be issued by inspectors of the Processed Products Standardization and Inspection Branch of the U.S. Department of Agriculture, unless the committee determines, and the Secretary concurs in such determination, that inspection by another agency would improve the administration of this amended subpart. The committee may require that raisins held on memorandum receipt be reinspected and certified as a condition for their acquisition by a handler.

(2) The committee may, in accordance with rules and procedures established with the approval of the Secretary, authorize handlers to receive or acquire natural condition raisins which have been produced by any dehydrator by dehydrating grapes by artificial means and have been inspected and certified on his premises. In the event there shall have been compliance with committee requirements, any handler who receives or acquires such inspected and certified raisins shall be deemed to have satisfied the requirements contained in paragraph (d)(1) of this section with respect to inspection and certification of natural condition raisins received or acquired by him.

(3) The committee may, in accordance with rules and the procedures established with the approval of the Secretary, authorize handlers to receive or acquire without further inspection and certification, natural condition raisins, standard or offgrade, which have been inspected, certified and held, in compliance with committee requirements, at a receiving station of a cooperative bargaining association.

(e) *Off-grade raisins.* (1) Any natural condition raisins tendered to a handler which fail to meet the applicable minimum grade, quality and condition standards may: (i) Be received or acquired by the handler for disposition, without further inspection, in eligible non-normal outlets; (ii) be returned unstemmed to the person tendering the raisins; or (iii) be received by the handler for reconditioning. Off-grade raisins received by a handler under any one of the three described categories may be changed to any other of the categories under such rules and procedures as the committee, with the approval of the Secretary, shall establish. No handler shall ship or otherwise dispose of off-grade raisins which he does not return to the tenderer, transfer to another handler as provided in paragraph (e)(2) of this section, or recondition so that they at least meet the minimum standards prescribed in or pursuant to this amended subpart, except into eligible non-normal outlets.

(2) Off-grade raisins may be transferred from the plant of the handler where received to another plant of his or to that of another handler within the State of California under such rules and procedures as the committee, with the approval of the Secretary, shall establish to safeguard the objectives of this part.

This is a working document intended to illustrate the revisions necessary to propose: removal of the authority for volume control in the Raisin Marketing Order and the volume control regulations; provisions for term limits for Board members; provisions for continuance; and minor technical corrections.

(3) Each handler shall, while holding any off-grade raisins, store them separate and apart from other raisins and the off-grade raisins shall be stored in accordance with disposition and reconditioning categories. The committee with the approval of the Secretary may prescribe rules and procedures for the storage of the raisins.

(4) If the handler is to acquire the raisins after they are reconditioned, his obligation with respect to such raisins shall be based on the weight of the raisins (if stemmed, adjusted to natural condition weight) after they have been reconditioned. ~~If, after such reconditioning, such raisins meet the minimum standards but are no longer natural condition raisins, any handler who acquires such raisins shall meet his reserve tonnage obligations from natural condition standard raisins acquired by him.~~

(5) The committee shall establish, with the approval of the Secretary, such additional rules and procedures as may be necessary to insure adequate control of off-grade raisins, including, but not limited to, the reconditioning of off-grade raisins, the disposition and use of unsuccessfully reconditioned raisins, and the disposition and use of residual matter from reconditioning operations.

(f) *Blending.* No handler shall blend raisins except: (1) incidental to reconditioning raisins as permitted under rules and procedures established by the committee, with the approval of the Secretary; (2) blending standard raisins with standard raisins; or (3) blending raisins which meet the minimum grade standards for packed raisins with other raisins which meet such standards.

#### **§989.59 Regulation of the handling of raisins subsequent to their acquisition by handlers.**

(a) *Regulation.* Unless otherwise provided in this part, no handler shall: (1) ship or otherwise make final disposition of natural condition raisins unless they at least meet the effective and applicable minimum grade, **quality** and condition standards for natural condition raisins; or (2) ship or otherwise make final disposition of packed raisins unless they at least meet such minimum grade **or quality** standards established by the committee, with the approval of the Secretary, in applicable rules and regulations or as later changed or prescribed pursuant to the provisions of paragraph (b) of this section: *Provided*, That nothing contained in this paragraph shall prohibit the shipment or final disposition of any raisins of a particular varietal type for which minimum standards are not applicable or then in effect pursuant to this part. *And provided further*, That a handler may grind raisins, which do not meet the minimum grade **or quality** standards for packed raisins because of mechanical damage or sugaring, into a raisin paste. The committee may establish, with approval of the Secretary, different grade, quality and condition regulations for different market destinations<sup>[SM-A4]</sup>

(b) The committee may recommend changes in the minimum grade **or quality** standards for packed raisins of any varietal type and may recommend to the Secretary that minimum grade **or quality** standards for any varietal type be added or deleted. The committee shall submit with its recommendation all data and information upon which it acted in making its recommendation, and such other information as the Secretary may request. The Secretary shall approve any such change if he finds, upon the basis of data submitted to him by the committee or from other pertinent information available to him, that to do so would tend to effectuate the declared policy of the act.

(c) *Publicity and notice.* The committee shall give prompt and reasonable notice to producers, dehydrators, handlers, and the cooperative bargaining association(s) of each recommendation submitted by it to the Secretary and of each regulation issued by the Secretary. Notice of such regulation shall be given to all handlers of record by registered or certified mail.

(d) *Inspection and certification.* Unless otherwise provided in this section, each handler shall, at his own expense, before shipping or otherwise making final disposition of raisins, cause and inspection to be made of such raisins to determine whether they meet the then applicable minimum grade, **quality** and condition standards for natural condition raisins or the then applicable minimum grade **or quality** standards for packed raisins. Such handler shall obtain a certificate that such raisins meet the aforementioned applicable minimum standards and shall submit or cause to be submitted to the committee a copy of such certificate together with such other documents or records as the committee may require. The certificate shall be issued by the Processed Products Standardization and Inspection Branch of the United States Department of Agriculture, unless the committee determines, and the Secretary concurs in such determination, that inspection by another agency will improve the administration of this amended subpart. Any certificate issued pursuant to this paragraph shall be valid only for such period of time as the committee may specify, with the approval of the Secretary, in appropriate rules and regulations.

This is a working document intended to illustrate the revisions necessary to propose: removal of the authority for volume control in the Raisin Marketing Order and the volume control regulations; provisions for term limits for Board members; provisions for continuance; and minor technical corrections.

(e) *Inter-plant and inter-handler transfers.* Any handler may transfer from his plant to his own or another handler's plant within the State of California any ~~free tonnage~~ raisins without having had such raisins inspected as provided in paragraph (d) of this section. The transferring handler shall transmit promptly to the committee a report of such transfer, except that transfers between plants owned or operated by the same handler need not be reported. Before shipping or otherwise making final disposition of such raisins, the receiving handler shall comply with the requirements of this section.

(f) *Disposition of offgrade raisins, other failing raisins, and raisin residual material in eligible ~~nonnormal-non-normal~~ outlets.* Any offgrade raisins, except those returned unstemmed to the tenderer or successfully reconditioned, and any raisin residual material which may be received or acquired by a handler or accumulated by a handler from reconditioning raisins or from processing standard raisins and other failing raisins, shall be disposed of or marketed by the handler, without further inspection, in eligible ~~nonnormal-non-normal~~ outlets: *Provided*, That no packer shall be precluded from recovering raisins from such accumulations or acquisitions: *Provided further*, That whenever the Secretary concludes, on the basis of a recommendation of the ~~committee~~Committee, that to specify one or more ~~nonnormal-non-normal~~ outlets as ineligible for any class of such receipts, acquisitions, or accumulations will tend to effectuate the declared policy of the act, he shall specify such ineligible outlets and prohibit the shipment thereto or final disposition therein of such class by handlers as well as the receipt and use thereof by processors: *And provided further*, That no processor who is a distiller shall be precluded from receiving or using for distillation (1) the standard raisins which subsequently fail to meet the said applicable standards, (2) the raisin residual material accumulated from processing standard raisins, or (3) the raisin residual material referable to the standard raisin equivalent recovered in reconditioning; and any handler may ship such raisins and raisin residual material to such processor. The Committee shall establish, with the approval of the Secretary, such rules and procedures as may be necessary to insure adequate control over the off-grade raisins, other failing raisins, and raisin residual material subject to this paragraph. Such rules may include a requirement that the disposition and use of all or any class of off-grade raisins, other failing raisins, or raisin residual material be confined to the area. The provisions of this paragraph are not intended to excuse any failure to comply with all applicable food and sanitary rules and regulations of city, county, State, Federal, or other agencies having jurisdiction.

(g) *Exemption of experimental and specialty packs.* The ~~committee~~Committee may establish, with the approval of the Secretary, rules and procedures providing for the exemption of raisins in experimental and specialty packs from one or more of the requirements of the minimum grade ~~or quality~~ standards of this section, together with the inspection and certification requirements if applicable.

#### **§989.60 Exemption.**

(a) Notwithstanding any other provisions of this amended subpart, the ~~committee~~Committee may establish, with the approval of the Secretary, such rules and procedures as may be necessary to permit the acquisition and disposition of any off-grade ~~raisins or reserve pool raisins~~, free from any or all regulations, for uses in non-normal outlets.

(b) The ~~committee~~Committee may establish, with the approval of the Secretary, such rules and procedures as may be necessary to exempt from any or all regulations raisins produced in southern California (i.e., the counties of Riverside, Imperial, San Bernardino, Ventura, Orange, Los Angeles, and San Diego) and disposed of for distillation, livestock feed, or by export in natural condition to Mexico.

(c) The ~~committee~~Committee may designate such raisins as it deems appropriate for production, processing, and marketing research and development. The period of such designation shall be for not more than five years unless extended by the ~~committee~~Committee. The volume which may be acquired by all handlers shall not exceed 500 natural condition tons annually for each designated project, unless increased by the Secretary upon a recommendation of the ~~committee~~Committee. Such designated raisins may be acquired and disposed of free from those regulations specified by the ~~committee~~Committee. In any crop year, when the total industry acquisitions of the designated raisins exceed 500 natural condition tons or a larger quantity approved by the Secretary upon a recommendation of the ~~committee~~Committee, the exemption shall not apply.

#### **§989.61 Above parity situations.**

This is a working document intended to illustrate the revisions necessary to propose: removal of the authority for volume control in the Raisin Marketing Order and the volume control regulations; provisions for term limits for Board members; provisions for continuance; and minor technical corrections.

The provisions of this part relating to minimum grade, quality and condition standards and inspection requirements, within the meaning of section 2(3) of the act, and any other provisions pertaining to the administration and enforcement of the order, shall continue in effect irrespective of whether the estimated season average price to producers for raisins is in excess of the parity level specified in section 2(1) of the act.

## TRADE PRACTICES

### §989.62 Authorization for prohibition of trade practices.

Whenever the Secretary finds, upon recommendation of the committeeCommittee or other information, that continuance of certain practices in trade channels would tend to interfere with the achieving of the objectives of this part, he may prohibit handlers from using such practices, for any crop year or portion thereof, in selling raisins in containers exceeding four pounds net weight. The prohibited practices may include:

(a) Any provision within or added to a sales contract, or action or agreement outside such contract, whereby the handler is obligated to reflect declines in market prices of raisins by charging the buyer a subsequent market price in lieu of the sales price specified in the contract.

(b) Any agreement in an undertaking to hold raisins in reserve for possible future delivery to a buyer, or action or agreement outside such undertaking, whereby the handler is obligated to not reflect increases in market prices by charging the buyer a price specified in the agreement.

Prior to any such practices being prohibited in any crop year, the committeeCommittee shall recommend, for the approval of the Secretary, such rules and procedures and such record keeping requirements as are necessary to administer these prohibitions and obtain compliance therewith.

## VOLUME REGULATION

### §989.65 Free and reserve tonnage.

~~The standard raisins acquired by handlers which are free tonnage, and any reserve tonnage purchased for free use, may be disposed of by him in any marketing channel, subject to the applicable provisions of this part. A handler's free tonnage of a varietal type of raisin shall be either the free percentage of the standard raisins of the varietal type acquired by him or all of the standard raisins of the varietal type acquired by him if no free percentage is established by the Committee or designated by the Secretary for that varietal type. A handler's reserve tonnage of a varietal type shall be the reserve percentage of the standard raisins of that varietal type acquired by him.~~

### §989.66 Reserve tonnage generally.

~~(a) The standard raisins acquired by a handler which are designated as reserve tonnage and reserve tonnage transferred to a handler by the committee shall be held by him for the account of the committee and subject to the applicable restrictions of this part.~~

~~(b)(1) Each handler shall hold in storage all reserve tonnage acquired by him and all reserve tonnage transferred to him by the committee until he has been relieved of such responsibility by the committee either by delivery to the committee or otherwise. Such handler shall store such reserve tonnage raisins in natural condition without addition of moisture and in such manner as will maintain the raisins in the same condition as when he acquired them, except for normal and natural deterioration and shrinkage, and except for loss through fire, acts of God or other conditions beyond the handler's control.~~

~~(2) Reserve tonnage acquired by a handler or transferred to a handler by the committee shall be stored separate and apart from other raisins to such extent and identified in such manner as the committee shall specify in its rules and procedures with the approval of the Secretary.~~

FORMAL RULEMAKING  
JUSTIFICATION OF PROPOSAL

Proposal: Add authority to establish different regulations for different market destinations.

1. What is the purpose of the proposal?

This proposal would add authority for the Committee to establish, subject to USDA approval, different grade, quality or condition regulations for different market destinations.

2. What problem is the proposal designed to address? Explain/quantify.

The California raisin industry has customers in many different countries. The consumer bases in these countries vary significantly. Currently, the order does not allow for different quality or grade standards to be applied to those markets; the current standards are a “one size fits all.” This authority would allow the Committee to develop regulation for product that is best suited for a particular market destination.

3. What are the current requirements or industry practices relative to the proposal?

Current order language establishes grade and condition standards for two classifications only; Grade A and Grade B.

4. What are the expected impacts on producers, handlers and consumers?

This proposal would result in the addition of the authority to establish different regulations for different market destinations under the order. This proposal would not result in new regulation, per se.

However, if any such regulation were to be implemented as a result of this authority, the anticipated negative impact on growers would be minimal, if any. Different regulations for different market destinations would not prevent product from being sold into the market. Instead, it would match product attributes to the consumer profile and customer demands of each market.

Similarly, the negative impact on handlers would be minimal, if any, while the potential for a positive impact would be high as handlers will be better able to meet customer demand.

Consumers would likely benefit from this proposal as its intent is to customize product standards to specific markets, thereby providing customers with product that meets their demand.

5. How would the proposal tend to improve returns to producers? Quantify.

This proposal would result in the addition of the authority to establish different regulations for different market destinations under the order. This proposal would not result in new regulation, per se.

If regulation were implemented, it is plausible that returns to growers would increase as regulation for higher quality product in some markets could result in a higher price paid for that product.

6. What are the expected effects on small businesses?

Small businesses are expected to benefit from the committee's ability to proactively regulate product, thereby ensuring that domestic consumers and foreign markets are confident in California raisins.

7. Would the proposal increase or decrease costs to producers, handlers, committees and/or USDA? Explain/quantify.

This proposal would result in the addition of the authority to develop different regulations for different market destinations. Its implementation would not result in any specific regulation per se. Therefore, this proposal does not have an economic impact at this time.

8. How would the proposal be implemented?

If approved by voters in the referendum, this authority would allow the Committee to make recommendations for different regulations for different market destinations to USDA. Any new regulation would need to be developed and vetted as a proposal, approved and recommended by the RAC, published by USDA as a proposed rule, receive public comment and USDA approval prior to being implemented.

9. How would compliance with the proposal be effected? Explain/quantify.

As explained in the response to questions to 4, 5 and 6, this proposal would result in the addition of the authority to establish different regulations for different market destinations under the order. This proposal does not have a compliance impact at this time.

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(3) Each handler shall, while holding any off-grade raisins, store them separate and apart from other raisins and the off-grade raisins shall be stored in accordance with disposition and reconditioning categories. The committee with the approval of the Secretary may prescribe rules and procedures for the storage of the raisins.

(4) If the handler is to acquire the raisins after they are reconditioned, his obligation with respect to such raisins shall be based on the weight of the raisins (if stemmed, adjusted to natural condition weight) after they have been reconditioned. ~~If, after such reconditioning, such raisins meet the minimum standards but are no longer natural condition raisins, any handler who acquires such raisins shall meet his reserve tonnage obligations from natural condition standard raisins acquired by him.~~

(5) The committee shall establish, with the approval of the Secretary, such additional rules and procedures as may be necessary to insure adequate control of off-grade raisins, including, but not limited to, the reconditioning of off-grade raisins, the disposition and use of unsuccessfully reconditioned raisins, and the disposition and use of residual matter from reconditioning operations.

(f) *Blending.* No handler shall blend raisins except: (1) incidental to reconditioning raisins as permitted under rules and procedures established by the committee, with the approval of the Secretary; (2) blending standard raisins with standard raisins; or (3) blending raisins which meet the minimum grade standards for packed raisins with other raisins which meet such standards.

#### **§989.59 Regulation of the handling of raisins subsequent to their acquisition by handlers.**

(a) *Regulation.* Unless otherwise provided in this part, no handler shall: (1) ship or otherwise make final disposition of natural condition raisins unless they at least meet the effective and applicable minimum grade, **quality** and condition standards for natural condition raisins; or (2) ship or otherwise make final disposition of packed raisins unless they at least meet such minimum grade **or quality** standards established by the committee, with the approval of the Secretary, in applicable rules and regulations or as later changed or prescribed pursuant to the provisions of paragraph (b) of this section: *Provided*, That nothing contained in this paragraph shall prohibit the shipment or final disposition of any raisins of a particular varietal type for which minimum standards are not applicable or then in effect pursuant to this part. *And provided further*, That a handler may grind raisins, which do not meet the minimum grade **or quality** standards for packed raisins because of mechanical damage or sugaring, into a raisin paste. The committee may establish, with approval of the Secretary, different grade, quality and condition regulations for different market destinations

Comment [SM-A4]: Industry proposal: different regulations for different market destinations.

(b) The committee may recommend changes in the minimum grade **or quality** standards for packed raisins of any varietal type and may recommend to the Secretary that minimum grade **or quality** standards for any varietal type be added or deleted. The committee shall submit with its recommendation all data and information upon which it acted in making its recommendation, and such other information as the Secretary may request. The Secretary shall approve any such change if he finds, upon the basis of data submitted to him by the committee or from other pertinent information available to him, that to do so would tend to effectuate the declared policy of the act.

(c) *Publicity and notice.* The committee shall give prompt and reasonable notice to producers, dehydrators, handlers, and the cooperative bargaining association(s) of each recommendation submitted by it to the Secretary and of each regulation issued by the Secretary. Notice of such regulation shall be given to all handlers of record by registered or certified mail.

(d) *Inspection and certification.* Unless otherwise provided in this section, each handler shall, at his own expense, before shipping or otherwise making final disposition of raisins, cause and inspection to be made of such raisins to determine whether they meet the then applicable minimum grade, **quality** and condition standards for natural condition raisins or the then applicable minimum grade **or quality** standards for packed raisins. Such handler shall obtain a certificate that such raisins meet the aforementioned applicable minimum standards and shall submit or cause to be submitted to the committee a copy of such certificate together with such other documents or records as the committee may require. The certificate shall be issued by the Processed Products Standardization and Inspection Branch of the United States Department of Agriculture, unless the committee determines, and the Secretary concurs in such determination, that inspection by another agency will improve the administration of this amended subpart. Any certificate issued pursuant to this paragraph shall be valid only for such period of time as the committee may specify, with the approval of the Secretary, in appropriate rules and regulations.



# RAISIN ADMINISTRATIVE COMMITTEE

ADMINISTERING THE FEDERAL MARKETING  
AGREEMENT AND ORDER REGULATING THE  
HANDLING OF CALIFORNIA RAISINS

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January 28, 2016

Ms. Elanor Starmer  
Acting Administrator  
USDA – Agricultural Marketing Service  
Room 2077-S, Mail Stop 0235  
1400 Independence Ave., SW  
Washington, DC 20250-0235

Dear Ms. Starmer:

USDA has encouraged the RAC to propose changes to the Raisin Marketing Order (Order) that would benefit the industry now and/or in the future.

In response, the Raisin Administrative Committee (RAC) requests the following amendments to Marketing Order No. 989:

- Adding authority to conduct production research;
- Modifying the nomination process for independent growers by allowing separate nominations for members and alternate member seats;
- Adding authority to regulate “quality”, in addition to grade and condition standards, to the list of attributes potentially regulated under the Order;
- Adding authority to establish different outgoing regulations for different market destinations;
- Adding authority for continuance referenda.

The attached 9-point justifications and amendatory language for the proposed amendments are the result of extensive work by the RAC and its Rulemaking Workgroup. The RAC believes that the proposed changes have the broadest possible support within the industry. The RAC has endorsed these proposals, cognizant that some of the amendatory language may need modification following USDA review of this

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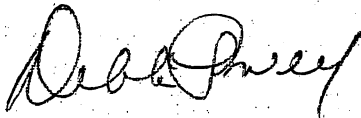
2445 Capitol Street, Suite 200 • Fresno CA 93721-2236



request. We welcome a dialogue regarding any questions or suggestions USDA may have on the enclosed proposals.

We thank you in advance for your prompt consideration of our request and look forward to working with your staff to identify a public hearing date and to initiate an expeditious rulemaking process.

Sincerely,



Debbie Powell  
Interim President/General Manager

Cc: RAC Members and Alternates  
Charles Parrot, USDA, AMS  
Melissa Bailey, USDA, AMS  
Michael Durando, USDA, AMS, MOAD  
Candice Spalding, USDA, AMS, MOAD  
Michelle Sharrow, USDA, AMS, MOAD  
Jeffrey Smutny, USDA, AMS, MOAD, CAMFO  
Melissa Schmaedick, USDA, AMS, MOAD  
Maria Stobbe, USDA, AMS, MOAD, CAMFO

DP/mj

Enclosures