

CALIFORNIA GRAIN AND FEED ASSOCIATION ANNUAL MEETING

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April 28, 2016

Where Are we?

- Second year of a two year legislative session
 - Strong Democrat Majorities in both Houses 52-28, 26-14
 - New Speaker
 - Several New Committee Chairs – Diffused Power Model
- Election year –
 - Republicans need to maintain status quo, Democrats pick up a few seats
- Uncertain Presidential Election
- Governor has 2.5 more years – managing legacy – frugal, balanced operating budget but still large unfunded liabilities, pet projects

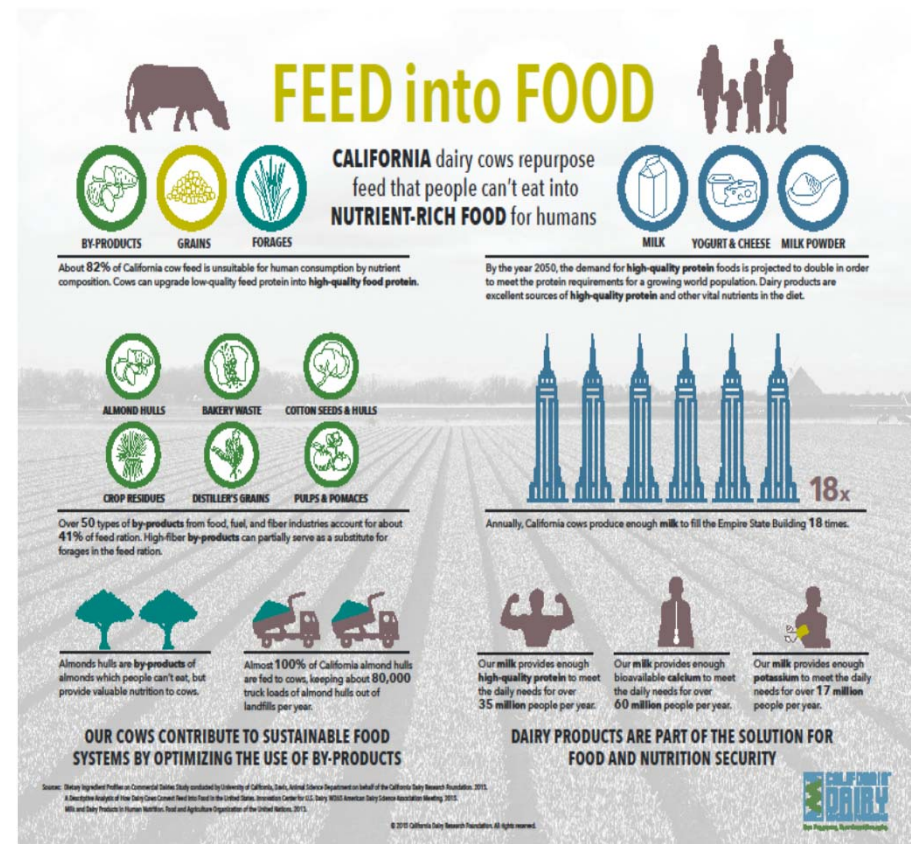
Organics and Food Recycling is a Leading Issue

- NRDC 2015 Report – 40% of food is “wasted”
- CA 75% Landfill Diversion Rule
- Largest Contributor to landfills is organic waste of which food is largest contributor – Food = 18%
- GHG reduction mandate – CA has identified organics as major contributor to GHG emissions = mandate to reduce organic waste



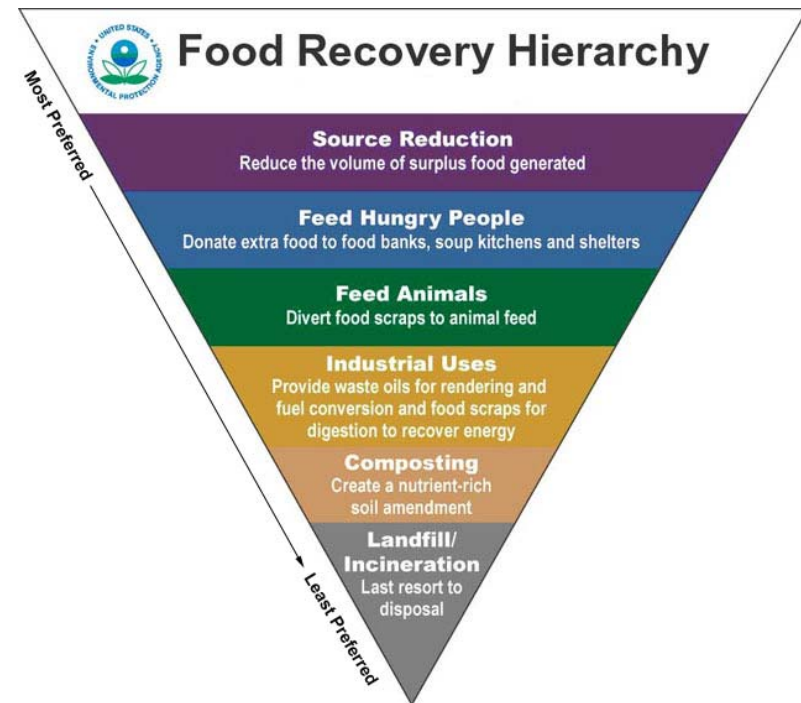
Livestock Feed and Rendering Have Excellent Stories

- Turn “byproducts” into animal feed = food, biofuels, tallow products and pet food
- 41% of dairy feed ration and 13% of poultry ration are byproducts.
- Economically productive end uses in a competitive market place
- Low GHG footprint



Livestock Feed is Superior Organics Management Option

- All Government policies and grants must include:
- Highest and Best Use
- Technology Neutral
- Additionality
- Consider Multiple Benefits and Risks
- Focus on Materials with Lowest Recycling Rates and Highest Potential Gains



Major Legislative Issues

- **Water**

- Water Transfers

- AB 2304 (Levine) Would establish the California Water Market Exchange, governed by a 5-member board, in the Natural Resources Agency. Oppose
 - AB 1755 (Dodd) The Open and Transparent Water Data Act – Standardizes terms and measurement standards for water transfers. Neutral

- Positioning Above Ground Storage

- AB 2551 (Gallagher) Would allow a local agency to use the construction management at-risk, design-build, public-private partnership, or design-build-operate method of delivery on a surface storage project. Support
 - AB 1964 (Salas) Requires the Department of Water Resources to develop a state water policy that gives priority to the formation of joint powers authorities that are formed to address critical surface water storage projects. Support

- Groundwater

- SB 1317 (Wolk) would require a city or county overlying a high or medium priority water basin to establish a process for issuing a conditional use permit for new well construction. Additionally, the measure would prohibit the issuance of a conditional use permit for a new well in probationary basins, or basins subject to critical overdraft. Oppose

- Delta Fix

- AB 1713 (Eggman) Delta Water Fix Vote Requirement – this measure will require any proposal to implement a Delta Tunnel water conveyance system to be voted upon by the people of California at the next general election.
 - AB 2583 (Frazier) Creates additional barriers to implementation of the Delta Water Fix by prohibiting the construction until legally binding financial agreements or contracts are signed by each of the state and federal water contractors that will receive water supplies that commit them to pay for the costs required for the federal Central Valley Project, State Water Project.

Major Legislative issues (Continued)

- **Climate Change**

- SB 1383 (Lara) Short Term Climate Pollutants Regulation mandates a 40% reduction in Methane, 40% reduction in refrigerants, 50% Reduction in black carbon. Oppose
- Sb 32 (Pavley) Mandates GHG reductions of 40% of 1990 level by 2030 and previous version required 80% reduction by 2050. Oppose

- **Pesticide Restrictions**

- AB 2596 (Bloom) Anticoagulants – Expanded existing restrictions on use in designated raptor feeding zones statewide. Contains Ag exemption but not processing. Opposed
- SB 1247 (Jackson) Established environmental farming zones around school and day care centers for organic farming – may have created “no pesticide zones.” Opposed

Major Legislative issues (Continued)

- **Labor**

- **Minimum Wage** -minimum wage will rise to \$10.50 per hour on January 1, 2017, \$11 January 1, 2018 for businesses with 26 or more employees, and then rises \$1 each year until reaching \$15 per hour in 2022. Smaller employers have one more year to comply.
- **AB 2757 (Lorena Gonzalez)** would eliminate the current 10 hour per day overtime threshold for agricultural workers and phase-in a requirement for overtime after 8 hours in a work day or 40 hours in a work week over a four-year period beginning January 1, 2017 and ending on January 1, 2020.
- **SB 1167 (Connie Leyva)** requires Cal/OSHA to propose to the Cal/OSHA Standards Board a standard protecting indoor workers from heat illness no later than July 1, 2017. This could impact warehouse operations, food processors, manufacturing and packing sheds.
- **AB 1676 (Nora Campos)** would prohibit an employer from seeking salary history information about an employment applicant and would require an employer to furnish an employment applicant with a “pay scale for a position to an applicant applying for employment.”

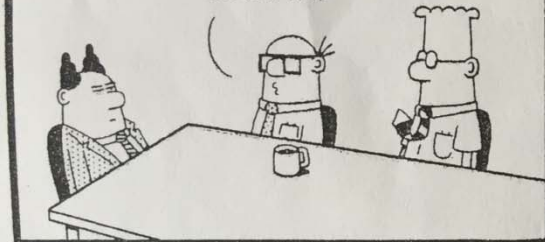
Major Regulatory Issues

- Water
 - CA Water Commission on Storage
 - State and Federal Contractors – CA Water Fix
 - Mandatory Urban Conservation
 - Cease and Assist Orders – Replacement Water
- **Pesticides**
 - Glyphosate – Prop 65 listing
 - Telone Township Restrictions
 - Increasing Regulations on all Fumigants
 - Anticoagulant Issues
- **Organic Recycling (discussed)**

Questions?

DILBERT *Scott Adams*

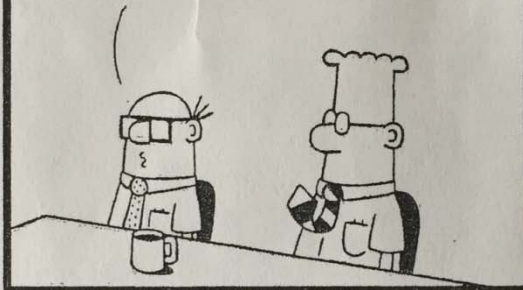
I NARROWED DOWN THE OPTIONS TO AN ALTERNATIVE THAT COSTS TOO MUCH AND ANOTHER THAT WON'T WORK.



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I DIDN'T DO ANY RESEARCH. IT'S MORE OF AN EXPERIENCE SORT OF THING.



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NEXT WEEK I PLAN TO THINK ABOUT THE OPTION OF USING TECHNOLOGY THAT ISN'T YET AVAILABLE.

