



MEETING AGENDA
PRODUCER REVIEW BOARD
IN-PERSON

May 1, 2024 - 10:00 am

Tulare County Ag Commissioner's Office
Auditorium
4437 S Laspina street - Tulare, CA 93274

The Board will call for public comment following each agenda topic*

- (1) Call to Order
- (2) Roll Call / Establish Quorum
- (3) Approval of Minutes
 - a. February 5, 2024
- (4) CDFA – Quota Administration Program (QAP) Updates
 - a. QIP Fund Condition Update
 - b. Staffing Update
 - c. Audit Team Update
 - d. Other CDFA Updates
 - e. Legal Update
 - f. Correspondence
- (5) QIP 5-Year Effectiveness Survey Follow-Up Update
 - a. Proposal by Mr. Konyon
 - b. Other Proposals
- (6) Hardship Consideration Request
 - a. GJC Dairy Inc – James Vieira
 - b. Silveira N&C Dairy – Natalino Silveira
 - c. Dairy Central – Bob Borba
 - d. Dairy Avenue LLC – Richard Oppedyk
 - e. Leyendekker Gerben & Pauline – Gerben Leyendekker
 - f. G&P Dairy – Gerben Leyendekker
 - g. Cross Creek Dairy – Frank Leyendekker
 - h. East View Dairy – Frank Leyendekker





- i. Sozinho Dairy #3 – Danny Sozinho
 - j. South Corner Dairy – Fred Leyendekker
- (7) Public Comments - Comments are reserved for items not appearing on the agenda and are not for Board deliberation.
- (8) Adjournment

** Meetings of the Producer Review Board are open to the public and comply with the Bagley-Keene Open Meeting Act (Act). The Act allows for public comment on all agenda items. Materials presented and distributed during the meeting with a matter subject to discussion or consideration are disclosable public records under the California Public Records Act and shall be made available upon request without delay.*

** Each of the agenda items listed above will include discussion and possible action by the Board at this meeting. All times (if indicated) and the order of business are approximate and subject to change. For further information related to the agenda, please contact Kathy Diaz at 916-900-5012.*

AMERICANS WITH DISABILITIES ACT

All Board meetings must be accessible to the physically disabled. Any person needing a disability-related accommodation or modification in order to attend or participate in any Producer Review Board meeting may request assistance by contacting Zindy Ramirez-Cornejo at 1220 N St, Sacramento, CA 95814 or by phone at (916) 900-5012.





PRODUCERS REVIEW BOARD

MEETING NOTICE

Wednesday, May 1, 2024
Beginning at 10 a.m.
Lunch will not be provided.

Location:
Tulare County Ag Commissioner's Office
Auditorium
4437 S Laspina Street
Tulare, CA 93274

PUBLIC PARTICIPATION

Members of the public are encouraged to provide comment to the Board and may suggest items to be placed on the agenda for discussion at a future Board meeting. While the Board values the participation of the public, the Board Chair reserves the right to limit the time for public comment depending on the length of agenda and number of commenters. Public comment must be related to the Board's authority and jurisdiction and its placement on the agenda is within the discretion of the Board Chair or if applicable, the Department.

All matters noticed on this agenda may be considered for action. Items listed on the agenda may be considered in any order at the discretion of the Board Chair. Any item not so noticed will not be considered or discussed. All meeting agendas and notices are available on the California Department of Food and Agriculture's website: <https://www.cdfa.ca.gov/dairy/meetings.html>

Each of the agenda items will include discussion and possible action by the Board. Time will be allowed for members of the public to make comments on each agenda item.

For further information regarding this meeting, please contact Zindy Ramirez-Cornejo at 916-900-5012. For questions about the PRB and the Quota Administration Program please contact Kathy Diaz at 916-900-5012.

AMERICANS WITH DISABILITIES ACT

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Producer Review Board (PRB)

Board of Directors Meeting Minutes

February 5, 2024

Stanislaus County Agricultural Commissioner's Office

Harvest Hall – Room D&E

Modesto, CA 95358

DRAFT**Agenda Item #1 & 2: Call to Order and Roll Call Establishing Quorum**

The Chair called the meeting to order at 10:00 am. Mr. Ko conducted a roll call of members and alternates to establish a quorum. A quorum was present with eleven (11) of fifteen (15) members present with one (1) alternate for a total voting member count of twelve (12). In attendance were:

Members Present:

Charles Ahlem
William Dyt
Fred Fagundes
Joseph Fernandes
Cal De Jager
Frank Konyan*
John Moons
Kerry Vander Poel
Art Van Beek
Arlin Van Groningen
James Vieira

Alternate:

Pete De Boer
Serving for
Arie H De Jong

Members Absent:

Jarrid Bordessa
Ted De Groot
Arie H De Jong
Tony Nunes III

CDFA Staff:

Haig Baghdassarian, Chief Council
Peter Weber, Staff Council
Kathy Diaz, Director, Marketing Services Division
Kacie Fritz, Assistant Director, Marketing Services Division
Beth Jensen, Staff Services Manager
Marketing Services Division
Ellen Walrath, Research Data Analyst II
David Ko, Research Data Analyst II

*Joined the meeting after the roll call

a) Introduction of New Board Members:

The Chair introduced newly appointed Board members, Cal De Jager from Bakersfield, and James Vieira from Turlock. Mr. De Jager and Mr. Vieira introduced themselves to the Board and Public.

b) Reminder to Complete Form 700:

Ms. Fritz reminded the Board to complete Form 700 and related training.

c) The Bagley-Keene Act Update:

Ms. Fritz provided an update on the statutory changes to the Bagley-Keene Open Meeting Act that went into effect on January 1, 2024, also noting that teleconference meeting exceptions that were in place during Covid under an Executive Order are no longer in effect.

Agenda Item #3: Election of Chairman/Vice Chairman

The chair (Mr. Van Beek) called for nominations to elect a new chair and vice chair. Ms. Diaz explained an election was not held last year due to the timing of the Board meetings and previous election.

Board Action 2024-1: It was moved by Mr. Dyt and seconded by Mr. Vieira to nominate Art Van Beek as chairman of the PRB.

Discussion: Mr. Van Beek called for additional nominations. No further nomination came forward. Mr. Van Beek accepted the nomination.

Vote on Board Action 2024-1: The motion **passed** with ten (10) members in favor and one (1) abstention. Yes votes: Charles Ahlem, William Dyt, Fred Fagundes, Joseph Fernandes, Cal De Jager, John Moons, Kerri Vander Poel, Arlin Van Groningen, James Vieira, and Pete De Boer. Abstain: Art Van Beek

Board Action 2024-2: It was moved by Mr. Van Beek and seconded by Mr. Fagundes to nominate William Dyt as vice chairman of the PRB.

Discussion: The Chair called for additional nominations. No further nomination came forward. Mr. Dyt accepted the nomination.

Vote on Board Action 2024-1: The motion **passed** with ten (10) members in favor and one (1) abstention. Yes votes: Charles Ahlem, Fred Fagundes, Joseph Fernandes, Cal De Jager, John Moons, Kerri Vander Poel, Art Van Beek, Arlin Van Groningen, James Vieira, and Pete De Boer. Abstain: William Dyt

The Chair and Vice Chair thanked the Board for the vote of confidence.

Agenda Item #4: Approval of Minutes

The Chair asked for a motion to approve the minutes from the previous PRB meetings.

a) October 30, 2023:

Board Action 2024-3: It was moved by Mr. Fernandes and seconded by Mr. Ahlem to approve the October 30, 2023, minutes as presented.

Discussion: Mr. Konyn proposed edits to the October 30, 2023 meeting minutes. The Department accepted the changes as suggested. The first change was to a sentence from

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agenda item #4b, CDFA – QAP Update QIP Fund Condition Update regarding the changes to the future documents/presentations. The second change was in regard to language from the discussion of Board Action 2023-10 regarding the historical application of hardship requests. A third change was to language from the discussion of Board Action 2023-12 regarding the responsibility of the Board. Mr. Fernandes amended his previous motion to approve the minutes as amended.

Vote on Board Action 2024-3: The motion unanimously passed with twelve (12) members in favor. Yes votes: Charles Ahlem, William Dyt, Fred Fagundes, Joseph Fernandes, Cal De Jager, Frank Konyn, John Moons, Kerri Vander Poel, Art Van Beek, Arlin Van Groningen, James Vieira, and Pete De Boer.

b) November 17, 2023

Board Action 2024-4: It was moved by Mr. Konyn and seconded by Mr. Dyt to approve the November 17, 2023 minutes as presented.

Discussion: There was no further discussion.

Vote on Board Action 2024-4: The motion unanimously passed with twelve (12) members in favor. Yes votes: Charles Ahlem, William Dyt, Fred Fagundes, Joseph Fernandes, Cal De Jager, Frank Konyn, John Moons, Kerri Vander Poel, Art Van Beek, Arlin Van Groningen, James Vieira, and Pete De Boer.

Agenda Item #5: CDFA Quota Administration Program (QAP) Updates

- a. QIP 5-Year Effectiveness Survey Follow-Up Update: Ms. Diaz shared that the Secretary is in support of finding possible next steps to improve the Quota Implementation Plan (QIP). To start the process, Ms. Diaz shared that Mr. Konyn and Mr. Dyt prepared presentations on possible next steps and improvements to the Plan.

Mr. Konyn presented his letter and charts that outlined legislative proposals for QIP modification. In response, Mr. Dyt explained that his proposal revolved around the upcoming changes in the Federal Milk Marketing Order (FMMO) that could impact the industry by increasing the price of Class 1 milk.

Discussion ensued among board members about the anticipated timing and the likely changes to the federal marketing order resulting from the series of hearings USDA has conducted. The consensus was that a draft version of the actual changes will not be available until the summer but that it could be reasonably expected that the changes will result in the price of Class 1 milk

increasing. Mr. Konyn explained he believes that quota premium should be connected in some fashion to Class 1 revenue. Chairman Van Beek asked Mr. Konyn and Mr. Dyt to work together to come up with a solution that will address the industry's concerns regarding Quota.

Board Action 2024-5: It was moved by Mr. Konyn and seconded by Mr. De Boer to request assistance from the Secretary to move forward to 1) tie Quota to class 1 revenue (without proposed future FMMO changes artificially inflating* the prices) and 2) eliminate Regional Quota Adjuster (RQA). *He later explained that by this he meant look at proposed FMMO changes as a whole.

Discussion: The Board discussed the merits of tying quota to class 1 revenue and eliminating RQAs. Some Board members agreed on the issue of RQAs. The Board members shared their perspectives on the issue of class 1 revenue. Some Board members expressed their concerns of making changes to the Plan without considering all the possibilities and upcoming changes to the FMMO. They felt the future changes to the FMMO will have effects on the industry that will address current concerns. Other Board members shared their concern over timing and expressed their belief that Quota lost its intended purpose and needs to be re-examined and reconfigured or eliminated.

The Board asked what steps are needed to make the suggested changes to the Plan. Mr. Bagdassarian responded the changes are considered substantive changes and will require an industry referendum.

The Department encouraged the Board to consider what additional information and/or resources might be helpful for them and the industry to make the necessary changes to improve the Plan. To assist with the discussion, the Department will arrange follow-up meetings with Mr. Konyn and Mr. Dyt to review the data and proposals. The Department will also contact the FMMO to get their input on the issue.

Vote on Board Action 2024-5: The motion passed with nine (9) members in favor and three (3) members in opposition. Yes votes: Charles Ahlem, Joseph Fernandes, Cal De Jager, Frank Konyn, John Moons, Kerri Vander Poel, Art Van Beek, James Vieira, and Pete De Boer. No votes: William Dyt, Fred Fagundes, and Arlin Van Groningen

Public Comment:

(Note: Public Comment occurred concurrently with part of the Board discussion)

Members of the public had several comments and posed questions to the Board, such as concern over waiting for the FMMO changes and the immediate need to make a change to the Plan. They also expressed their opinions on quota and the QIP.

A member of the public pointed out that there are difference in the perspectives of Mr. Konyn and Mr. Dyt on the way to calculate class 1 revenue and highlighted the importance of including in their collaboration an interpretation/methodology that was acceptable to both.

- b. Producer List Updating Process Presentation: Mr. Ko made a presentation on the updating process of the producer list maintained by QAP. He explained the on-going process of updating dairy information of producers. He also presented a process to request and complete the record update authorization form and encouraged the producers to contact QAP staff if they need to verify or update their dairy information.
A Board member asked why a list of names and addresses are considered confidential according to the Food and Agriculture Code (FAC). Mr. Baghdassarian responded a non-confidential list is available through CDFA's Dairy Food Safety, but the portion of the code QIP operates under makes the list confidential.
- c. Financial Audit Report Update: Ms. Diaz shared the financial audit report from CDFA Audit Office. She highlighted the issue of uncashed quota checks and explained the issue was resolved and new procedures were implemented to reduce the issue going forward. She encouraged the Board to review the full Audit Report included in the meeting packet. She also shared the contact information of Jody Lusby, Director of Administrative Services Division, and Shakil Anwar, Special Assistant of CDFA Audits Office, as sources to answer Audit related questions.
- d. Litigation Update: No litigation update was provided.
- e. Correspondence:
 - i. Mr. Vieira's Letter to the PRB: The Chair shared Mr. Vieira's letter to the PRB from the meeting packet.
 - ii. Mr. Weber's Letter to StopQIP Regarding Potential Petition #7: The Chair shared Mr. Weber's letter to StopQIP regarding them submitting a potential Petition #7. A board member raised questions on recent denials of petition #5 and #6. The Chair and Department asked to reserve the discussion until the agenda item #9 QIP Petitions.

Agenda Item #6: QAP Financial Discussion

Ms. Diaz presented the results of research into the exact reserve cash amount carried over from the Pooling Program into the QIP in response to the Board request to include the reserve amount in the financial tables shown to the Board. She explained that the legacy accounting system used to calculate QIP transactions is very old and inflexible and that the modifications made to repurpose it for QIP did not include basic features such as dynamic updates of the bank balances and still listed information for features that are not used by the current program. She requested from the Board a motion to approve

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the creation of a new financial reports for the program to show the assets and liabilities and other details about QIP finances rather than the partial view shown by the reports currently generated in the Dairy Accounting System used by QIP.

Ms. Walrath answered technical questions related to the bank account balance and explained how she had gone back to reconcile balances going back to 2019 when QIP went into effect and was able to tie in that information to the current program without exceptions. It was also pointed out that the bulk of the funds transferred from the Pooling Branch to QIP went to front the first month of payments issued by QIP.

Board Action 2024-6: it was moved by Mr. Ahlem and seconded by Mr. Konyn to recommend to the Secretary for the Department to generate statement that is customized to the program and for the Board to develop a policy on reserves.

Discussion:

Vote on Board Action 2024-6: The motion passed with twelve (12) members in favor and none (0) in opposition. Yes votes: Charles Ahlem, William Dyt, Fred Fagundes, Joseph Fernandes, Cal De Jager, Frank Konyn, John Moons, Kerri Vander Poel, Art Van Beek, Arlin Van Groningen, James Vieira, and Pete De Boer.

Agenda Item #7: QIP Assessment Rate: Recommendation to Adjust

Mr. Ko presented the projection on QIP Fund Balance, Monthly Fund Balance, and US Bank Uncommitted Fund Balance. The Department did not recommend any adjustment to the current assessment rate. The current rate is projected to replenish QIP Fund Balance to have a reserve of \$2.5 – 3 million, which at this point the Department considers an acceptable balance; the target balance may change when once a formal reserve policy is put in place for the PRB.

Agenda Item #8: Hardship Consideration Request

The Chairman recognized the 10-hardship requests presented in the agenda and asked board-member Vieira, a representative of GJC Dairy Inc (one of the dairies requesting hardships), to present his case.

Mr. Vieira recited his letter and outlined the factors leading him to request a financial hardship that involved being exempt from the payment of assessments.

The Board discussed the merit of the request and there was discussion about the hardship request not being on alignment with the program's scope for hardships. The Board did not reach a consensus on whether the hardship request presented is acceptable/valid under the standard understanding about hardships.

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Board Action 2024-7: It was moved by Mr. Ahlem and seconded by Mr. Fernandes to recommend to the Secretary to 1) look for more direction on the definition of Hardship and 2) table the 10 hardship requests presented on 2/5/2024 PRB meeting.

Discussion:

The Department clarified that historically a hardship was defined as a condition beyond the control of the producer that prevented it to transfer or use quota in accordance with the rules. Some board members shared that a hardship is defined in the QIP as a challenge to the management and operation of a dairy due to the operation of the Plan and that, accordingly, the current hardship requests and requested relief by GJC Dairy Inc should be considered.

Vote on Board Action 2024-7: The motion passed with six (6) members in favor and five (5) members in opposition. Yes votes: Charles Ahlem, Joseph Fernandes, John Moons, Kerri Vander Poel, James Vieira, and Pete De Boer. No Votes: William Dyt, Fred Fagundes, Cal De Jager, Art Van Beek, and Arlin Van Groningen.

Public Comment: Members of the public asked the Department to clarify the definition of a hardship.

Agenda Item #9: QIP Petitions

- a. Petition to Terminate the QIP #5 This item was covered earlier in the meeting.
- b. Petition to Reapprove the QIP #6

Mr. Weber explained the outcome of the Petitions to Reapprove the QIP #6 (Petition #6). Petition #6 was not accepted because the QIP does not provide any mechanisms for reapproval. As presented, Petition #6 could not be implemented.

Board members asked about petition procedure and whether CDFA can help them to complete a valid petition. Mr. Weber responded that CDFA's Legal Office cannot act as attorneys to an individual, but the Department is able to answer technical questions regarding the parameters of the program from anyone, regardless of whether they are related to a petition or not.

Board members asked if it was possible for CDFA legal to review petition language and provide feedback prior to a completed petition package being submitted. CDFA legal clarified that they could not provide legal guidance to petitioners but were able to read and review petitions and provide neutral technical feedback.

Board Action 2024-8: It was moved by Mr. De Boer and seconded by Mr. Dyt to recommend to the Secretary to table the PRB's recommendation from 10/30/2023, Board Action 2023-13, to request technical and facilitation assistance.

Discussion:

Vote on Board Action 2024-7: The motion **passed** with ten (10) members in favor and none (0) in opposition. Yes votes: Charles Ahlem, William Dyt, Fred Fagundes, Cal De Jager, John Moons, Kerri Vander Poel, Art Van Beek, Arlin Van Groningen, James Vieira, and Pete De Boer.

Agenda Item #10: Public Comment

No Public Comments

Agenda Item #11: Adjournment

With no further business before the Board, the Chair adjourned the meeting at 2:50 pm.

DRAFT

Quota Fund Condition And Monthly Activity

YEAR/MO	MONTH	Assessment	RQA	Adjustments	Payout	Monthly Net	Quota Fund Balance	US Bank Balance	Bank Balance Date	Notes
202304	April	\$ 12,389,010.76	\$ 1,245,974.83	\$ 4,383.38	\$ (12,946,983.27)	\$ 692,385.70	\$ 5,716,564.63	\$ 7,523,179.36	4/19/2023	Rate changed from 0.0315/lb to 0.0391/lb
202305	May	\$ 12,706,787.12	\$ 1,288,676.06		\$ (13,377,651.95)	\$ 617,811.23	\$ 6,334,375.86	\$ 7,656,565.81	5/31/2023	
202306	June	\$11,930,486.30	\$ 1,244,819.01		\$ (12,925,456.03)	\$ 249,849.28	\$ 6,584,225.14	\$ 8,609,396.68	6/27/2023	
202307	July	\$9,730,093.33	\$1,290,779.10	\$ (1,072.26)	\$ (13,370,995.96)	\$ (2,351,195.79)	\$ 4,233,029.35	\$ 9,607,767.90	7/31/2023	Rate changed from 0.0391/lb to 0.0330/lb
202308	August	\$9,717,148.95	\$ 1,294,095.91	\$7,244.83	\$ (13,379,316.19)	\$ (2,360,826.50)	\$ 1,872,202.85	\$ 7,792,810.12	8/30/2023	
202309	September	\$9,508,263.21	\$1,256,084.02	\$ 35,813.36	\$ (12,935,555.07)	\$ (2,135,394.48)	\$ (263,191.63)	\$ 6,513,731.19	9/27/2023	
202310	October	\$9,855,038.64	\$1,299,295.10	\$186,706.34	\$ (13,333,011.30)	\$ (1,991,971.22)	\$ (2,255,162.85)	\$ 3,464,982.57	10/30/2023	
202311	November	\$11,931,994.32	\$1,260,279.96	\$ 41.98	\$ (12,939,870.97)	\$ 252,445.29	\$ (2,002,717.56)	\$ 1,396,619.43	11/30/2023	Rate changed from 0.0330/lb to 0.04/lb; Offset Applied
202212	December	\$12,509,207.96	\$1,304,193.95	\$ (532,978.25)	\$ (13,384,640.26)	\$ (104,216.60)	\$ (2,106,934.16)	\$ 965,512.99	12/28/2023	Offset Applied
202401	January	\$ 12,807,902.36	\$ 1,305,341.81	\$ 2,847.63	\$ (13,383,384.84)	\$ 732,706.96	\$ (1,374,227.20)	\$ 1,273,664.63	1/30/2024	Offset Applied
202402	February	\$ 12,156,013.72	\$ 1,218,206.01	\$ (2,977.80)	\$ (12,520,296.11)	\$ 850,945.82	\$ (523,281.38)	\$ 2,299,347.73	2/27/2024	
202403	March	\$13,206,175.72	\$ 1,301,877.82	\$ -	\$ (13,378,997.54)	\$ 1,129,056.00	\$ 605,774.62	\$ 2,258,484.43	3/27/2024	

Item 4 – f

Correspondence Received

Every survey, every study for the life of the quota program the latest one done by the national marketing institute and paid for by the dairymen was completed in October 2023, and it came to the same conclusion as all other studies, and surveys that this program is both divisive and harmful and should be changed. Change suggested by the national marketing institute was, dairyman should be using the hardship consideration. I have proven a hardship to my Dairy because of the QIP. The QIP allows for a hardship and the fact that we are losing a Dairy a week in California, and more importantly, the fact that class one sales are roughly half what they were when this program started proves the folly of this program. I, as a dairyman do not want to participate in this failing program because of the hardship it has caused to my Dairy. My suggestion to the board and the State of California is to approve the hardship because the hardship will not affect the program or the income the quota holders receive from the QIP.

Remember, hardship was used for dairymen holding quota who wish to sell before the two-year State mandated waiting period was over. If the hardship was denied, the quota holder would lose the money he purchased the quota with by having to return all his quota back to the State with no compensation, therefore the quota holder would lose money. I have been losing money with the QIP for years. The question becomes if the quota holder can be protected from losing money because of the QIP by applying for a hardship, even though the State had a rule against this practice, then why it is even a question of whether or not to grant me a hardship when it is allowed by the QIP. Is my loss of money different than a quota holders' loss of money?

Equality is treating everyone the same, no matter their race, color, religion, financial situation and in this case, whether or not they own quota.

If the hardship is reserved for quota holders only, then we truly have a justice problem in the CDFA and if we have a justice problem in the CDFA, by discriminating against non-quota holders, then I need advice from the two lawyers at the CDFA that set at the PRB meetings what the remedy is for me being treated differently because of my quota status.

We as dairyman are paying you to monitor this program. Why is it the needs of the non-quota holders not addressed? Is the CDFA and its staff following the honest services act.

The fact that the State issued 10% more quota than there were class 1 sales in 1969 advantage quota holders.

The fact that class one sales have fallen since the inception of this program to the point we now have over twice the quota then we do class one sales. Yet no quota has been taken away.

Advantage quota holders,

The fact when the program was put into place, the State said equalization would occur by 1987, but dairymen started buying and selling quota because of this, CDFA said equalization would not occur.

Advantage quota holders,

The fact the State said if you buy quota, you cannot sell any quota for two years, and then a hardship was applied to circumvent this rule.

Advantage quota holders,

The fact that the State issued more quota in the 1970s and then again in 1994, knowing there were no class one sales to justify this, so the State called it blue sky quota.

Advantage quota holders,

The fact that the state fixed the quota payments in 1994 at \$1.73 instead of \$1.43 quota had averaged.

Advantage quota holders,

The fact that the QIP had a petition that went to a hearing requesting a vote to end the QIP and then the vote was denied by CDFA.

Advantage quota holders,

Fact The united quota families presented a petition to have quota sunset after five years, the petition was allowed to go to a vote and then the quota holders campaigned against their own petition.

Advantage quota holders,

The fact that stop QIP turned in petition number five which was approved by CDFA as being valid and voted on by the PRB board to go to a vote and then denied by Karen Ross.

Advantage quota holders,

All these things and many more prove the program needs to be changed or terminated yet under the leadership of CDFA it's staff and lawyers and the PRB no changes have been made to this program in the 55 year history of the program except changes that benefit

quota holders a few of which I have outlined above this has done nothing but benefit quota holders to the detriment of the industry and non-quota holders again. Is the CDFA the PRP and staff following the honest services act?

I have an agenda item to remove six board members from the PRB who benefit from the quota program and replace them with six members who do not benefit from the quota program for reasons outlined above. And I fully expect my hardship to be granted for these reasons, outlined above and many more. This program has operated in the dark for many years at the detriment of a many dairymen now the lights are on this program. It is time to look at the people who have been paying for this program all these years with absolutely no benefits. The time to act has long been passed. We need as an industry to write this wrong immediately by granting the hardship as outlined in the QIP.

Jim Vieira

Here is the math on the quota for a 1000 Milk Cow Example

Average Production 80 Lbs. so 1000 Milk cows produce 80,000 Lbs. of milk Per day which is 800 hundred weights (80,000 Lbs. Divide into 100 Equals 800 Cwts)

Average Pay Price will use \$18.00 Milk so \$18.00 Milk for 800 hundred weights Per day is \$18.00 Milk X 800 hundred weights Equals \$14,400.00 Gross Per day X 30 Days is \$432,000.00 Per Month

Quota Deduction on this calculation is \$0.40 X 800 hundred Weights is \$320.00 Per Day X 30 Days \$9,600.00 Per Month

This Example if has 100 Percent Quota will receive \$1.70 X 800 hundred Weights equals \$1,360.00 Per day X 30 Days Equals \$40,800.00 Per Month

Bottom line this 1000 Cow dairy example makes \$1,360.00 Per day on full quota and get deducted \$320.00 Per day for the Quota fee so a net of \$1040.00 Per day X 30 Days is \$31,200.00 Per Month

Hundred Weight Price this example gets \$1.70 More gross for his milk with a \$0.40 Quota Fee so the net is \$1.30 Per Hundred Weight more than the non-Quota Dairy

Take the \$432,000 gross deduct, the quota fee of \$9,600 per month and you end up with \$422,000.

Now take the same dairy same milk, with quota gross will be \$463,400.

For a difference of \$40,800 per month for the same milk times 12 months

\$484,800 dollars per year difference between quota and non quota dairy for milk that has no more value in the marketplace.



Procedures for Submitting a Consideration for Hardship to the Quota Implementation Plan May 1, 2024

The purpose of this document is to provide direction regarding the process for any hardship consideration to be received by the California Department of Food and Agriculture (CDFA), and reviewed by the Producer Review Board (PRB), as outlined in Article 5, Section 500 of the Quota Implementation Plan (QIP).

Any consideration of hardship request shall include:

- Producer name, physical dairy ranch address, signature of the producer and signature date.
- Contact information for the producer or dairy representative seeking a hardship consideration.
- A statement of the hardship consideration being requested, which includes the basis for the relief requested and clearly articulates the challenges the dairy faces, and links the challenges to specific provisions of the QIP.
- A statement on the extent of the relief that is being requested. Please include a timeframe that the relief is being requested for.
- The hardship consideration shall be submitted to the CDFA Secretary or the QIP Administrator, via mail at CDFA-QIP 1220 N Street, Sacramento, CA 95814 or emails to: dairy@cdfa.ca.gov
- To be considered for a hardship consideration, the applicant must be a current dairy producer and have submitted all the above listed items.

Upon receipt of the hardship consideration request:

- The Secretary shall notify the applicant in writing of its receipt of the hardship consideration request.
- The QIP Administrator will review the for hardship consideration request for technical completeness. If the request is incomplete, the applicant will be notified and given 30 days to provide the missing information. At the end of 30 days, the request will be submitted to the PRB as incomplete.
- Upon receipt of a complete request, the QIP Administrator will notify the PRB of the hardship consideration within 15 days of receipt of the hardship consideration request.
- The Chairman of the PRB will call a meeting of the PRB (or Hardship Committee) within 90 days of receipt of the hardship consideration request for the





Board/Committee to review the request and make a recommendation to the Secretary.

- The PRB may request the applicant submit additional information or documents as it deems necessary.

The responsibilities of the Producer Review Board:

- The Producer Review Board shall review the hardship consideration request at one or more meetings and make a recommendation to the Secretary.
 - If appropriate, the Board may designate a “Hardship” subcommittee of the Board to review hardship requests and make a recommendation to the full Board.
- The applicant may appear for an oral interview at the PRB meeting.
- Depending on the type of hardship consideration being requested, the Producer Review Board may rely on guidelines provided by CDFA legal regarding hardships, or may set it’s own policies or guidelines in determining whether to recommend the hardship consideration be granted.
- An applicant shall provide, upon request, documents related to the hardship consideration. If the requested documents cannot be readily supplied the PRB may decide to hold off on making a recommendation until the requested documents can be supplied.
- Examples of the types of documents that may be requested include, but are not limited to:
 - Documents and/or statements related to an emergency, quota transfer, change in ownership or other
 - Financial documents, including most recent independent CPA Auditor’s reports, balance sheets, profit/loss statements, federal tax returns, articles of organization, operating agreements, bank statements, lines of credit or other relevant financial information.
 - Any documents submitted for consideration will become part of the public record. Certain Personal Identifying Information (such as bank account numbers) should be redacted.
- The Producer Review Board will give earnest and thorough consideration to each request and will do its best to make a recommendation regarding the hardship consideration request in the timeline that the applicant has asked for. However, the PRB may delay indefinitely making a recommendation, particularly if the board feels it does not have enough information to make an informed decision.





- A recommendation to the secretary shall include support of the request, denial or partial relief and indicate the extent of relief recommended and the effective date for such relief.

Upon a recommendation from the Producer Review Board:

- The Secretary shall review the recommendation of the PRB. The recommendation shall be subject to approval or modification by the Secretary, who shall notify the applicant in writing of the decision within 15 days after receiving the recommendation from the PRB.



Item 5 – a
QIP 5-Year Effectiveness Survey
Follow-Up Update:
Proposal by Mr. Konyn

To: The Producer Review Board (PRB)
From: Frank Konyn, PRB Member
Date: 5/1/24
Subject: Proposed Changes to the Quota Implementation Plan (QIP)

Background:

It was the original intention of the 1991/1992 Blue Ribbon Committee that the fixed quota differential of \$1.70 / cwt, (.195 / lb of SNF) starting in January of 1994, would allow a continuous positive return for quota holders, and in addition would allow additional revenues collected above the cost of the \$1.70 to be disbursed over all over-base milk, enhancing all producers. From 1994 to 2007, this program allowed an additional 183 million dollars to go away from quota holders to over-base milk (*August 2007 CDFA California Dairy Review*). Fast forward to the current Federal Milk Marketing Order (FMMO) time period of November 2018 through December 2023, (a much shorter time period), quota holders have been paid \$247 million dollars in excess of what was generated by Class 1 revenue. Additionally, when the fixed \$1.70 / cwt was hardwired into legislation, quota revenue was no longer tied to Class 1 sales. Our consuming public now eats their dairy products more than they drink their dairy products and our pricing system needs to be adjusted to reflect this continuing change.

Proposal:

Thirty years of changes have occurred in our industry, and the current system regarding quota payouts is outdated and has strayed from the original intent of the creators. Equity demands that the PRB makes much needed amendments to the California pricing system. These amendments should be approved by the PRB, and forwarded on to the Secretary of Agriculture to call for an industry referendum.

Since we moved towards a Federal Order system, the California dairy industry has lost the ability to have a robust CDFA staff that was dedicated to collecting and hosting a lot of our industry data. Any computations today are no longer an exact science since California is part Federal Order, and part State Quota Implementation Plan, and the industry needs to come up with something that fits the hybrid model without increasing CDFA staff and creating more data management. The original Blue Ribbon Committee felt that a fixed differential was sufficient, and that has lasted us for 30 years. They also wanted there to be something gained by all milk producers when they hoped that additional revenues would be available for over-base milk. Today the industry can continue with their same intentions with only a few minor changes.

On behalf of the PRB, I have done an analysis of Class 1 revenue and quota payouts during the time that the California dairy industry was part of the Federal Order. The spreadsheet I developed is attached to this proposal as Addendum A, and combines information from the CA FMMO as well as from CDFA. I propose through referendum that the \$1.70 / cwt (.195 / lb of SNF) is reduced to \$1.00 / cwt (.115 / lb of SNF). The \$1.00 / cwt approximates the actual true Class 1 revenue over the last 5 years available to pay out to quota holders. The most recent two-year period indicates the continued downward trend in fluid milk sales, and further indicates that a fair price could even be as low as \$0.96 / cwt. This was calculated by taking the Class 1 Differential rate minus the Location Differential multiplied by the amount of Class 1 pooled milk to determine Class 1 income available to be dispersed to quota holders. Any other way of computation of Class 1 income becomes onerous as it would involve using estimates. In the future, should the Federal Order increase the Class 1 differential, this additional income would go to all milk, not just to quota holders. I propose that an analysis should be done every 5 years to coincide

with the 5-year Quota Implementation Plan (QIP) review. Should there be any significant changes to Class 1 revenues based upon the current 5 year blended Class 1 differential of \$1.8985, then an adjustment in the fixed \$1.00 / cwt (.115 / lb of SNF) could be considered. Higher fluid milk sales could generate more income to be dispersed to quota holders; lower sales would cause the converse.

I propose that the Regional Quota Adjusters (RQAs) in Section 803 of the QIP be terminated. When California moved to a Federal Order in 2018, RQAs became an archaic redundant relic that is left over and has been supplanted by the location differentials in the Federal Order.

The current QIP program lacks clarity on the definition of “hardship”. I propose that language needs to be added to clarify “hardship,” and return the definition back to its historical interpretation of the former Pooling Plan. Language would be added to the referendum that future hardship requests would be limited to granting relief strictly from provisions regarding eligibility, exemptions, and transfers.

Actual recommended changes to QIP language for the referendum:

Article 1. Definitions

“Act” shall be known and may be cited as the “Food and Agricultural Code”.

“Assessable milk” means market milk received from California producers at a California plant.

“Assessment” means money collected to administer a stand-alone quota program or to fund quota premiums.

“Bulk market milk” means milk, cream, or skim milk, other than packaged products, from market milk sources.

“Dairy ranch” and “dairy farm” are synonymous to mean a commercial production facility which produces milk.

“Family Transfer” means the transfer of quota between spouses, direct lineal descendants and their spouses, direct lineal ancestors and their spouses, and registered partners.

“Handler” means any person who operates one or more plants in California or that engages in the operation of selling, marketing, or distributing in California of Bulk Market Milk he or she has produced or purchased or acquired from a producer, or a duly incorporated cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefore.

“Hardship” means a challenge to the management and operation of a dairy due to ~~the operation of this plan~~ *conditions beyond the control of the producer; such as, fire, floods, storms, and other acts of God, or from federal and State eradication programs for disease control.*

“Manufacturing milk” means milk, cream, or skim milk, the source of which did not have the approval of any public regulatory or health authority for disposition as market milk.

“Market milk” means milk, cream, or skim milk that is produced in conformity with applicable regulations of the appropriate public regulatory or health authority for disposition as market milk.

“Milk” for purposes of this Plan, means the lacteal secretion from one or more cows, including the milk fat, solids not fat, and fluid carrier portions thereof, each to be computed and accounted for separately.

“Milk fat or fat” for purposes of this Plan, means the fatty portion of milk.

“Month” means any one of the 12 calendar months.

“New producer” means any person qualified as a producer who does not have quota and meets all the requirements for new entry.

“Person” means any individual, business unit, or organization.

“Plants of governmental agencies” means any governmental agency that produces, processes, and consumes in its own facilities only its own production.

“Producer” means any person that produces market milk in the State of California from five or more cows and includes members of cooperative associations.

“Producer Review Board” means a review board appointed by the Secretary composed of no less than 12 members to advise the Secretary in the administration of this Plan.

“Qualifying period production” is the lesser of 150 pounds of fat and 375 pounds of solids-not fat or the average daily production of fat and solids not fat marketed to a milk plant located in the State of California during the 91-day period of September, October, and November immediately preceding the date of application or initial allocation, whichever is less.

“Quota” means a daily allocation of pounds of fat and solids not fat contained in market milk for the purpose of receiving a payout from funds collected from an assessment on all market milk produced and delivered in California. Nothing in this Plan is intended to affect the amount of quota owned by producers as of the date of implementation of this Plan.

“Quota eligible days” means the number of calendar days in the month less the number of days on which a producer is degraded in accordance with procedures established by an appropriate public regulatory or health authority.

“Quota milk” means that amount of fat and solids not fat contained in milk delivered by a producer during the month which is not in excess of the quota of such producer multiplied by the number of quota eligible days in the month.

“Quota Premium” means money paid to producers based on their ownership of quota.

“Quota Revenue” means revenue collected from producers of market milk, for the sole purpose of paying a premium to holders of quota.

“Receive milk” means to convey milk physically into a milk plant where it is utilized within the plant, or stored within such milk plant and transferred to another plant for utilization.

~~“Regional Quota Adjuster” means an adjustment to quota premiums, based on the location of the dairy farm to which quota is assigned.~~

“Secretary” means the Secretary of the California Department of Food and Agriculture and his or her authorized designee.

“Solids Not Fat” means any milk solids that are not fat and will be measured using the standard milk testing methods used in a Federal Milk Marketing Order.”

Article 5. Hardship Consideration

Section 500. Producers may request relief from hardship to the Producer Review Board, include the basis for which the review is requested, and the extent of relief requested.

The Producer Review Board may request the applicant to submit additional information or documents as it deems necessary and appear for oral interview. The Producer Review Board shall submit its recommendation in writing to the Secretary, along with its findings. The recommendation shall include support of the request, denial or partial relief and indicate the extent of relief recommended and the effective date for such relief.

The Producer Review Board recommendations shall be subject to approval or modification by the Secretary, who shall notify the producer in writing of the decision within 15 days after receiving the recommendations from the Producer Review Board.

Hardship requests will be limited to provisions regarding: (a) eligibility for pool quota; (b) pool quota allocations and assignments; (c) provisions regulating transfer of pool quota; (d) loss of pool quota; and (e) other matters relating to assignment or use of quota.

Article 7. Computation of Handler Obligation

Section 700. A quota assessment shall be due and payable as directed by this Plan. Failure to pay any such assessment on time may result in the additional assessment of penalties and fines and court action for the collection of the assessment.

Assessments shall be collected from the handlers of market milk. A handler that pays any such assessments for and on behalf of any producer may deduct such producer assessments from any money which is owed the producer by the handler.

Section 701. The net obligation of each handler shall be computed by multiplying the pounds of solids not fat handled by the quota assessment rate, and deducting an amount calculated by multiplying the pounds of quota solids not fat by ~~\$0.195 reduced by the applicable regional quota adjusters.~~ *\$0.115.*

The quota of active member producers of a cooperative association shall belong to the individual producer, but shall be assigned to the custody and control of the cooperative association. A cooperative association may combine the quotas assigned to it by members and nonmembers into one quota for purposes of accounting for milk marketed, provided the quotas of the nonmembers may be so combined only if such cooperative association accounts to the nonmembers on a patronage basis.

Section 702. Handlers shall remit payment owed to the Secretary and the Secretary shall remit payment to any Handler owed money pursuant to this Plan on the 16th of each month.

Section 703. Funds in the Milk Pooling Equalization fund from the operation of The Pool Plan for Market Milk shall be used to manage the cash flow needs of the Quota Implementation Plan.

Article 8. Regional Quota Adjuster

Section 800. The Secretary shall determine a regional quota adjuster for each market milk producer based on the geographical location of the dairy farm as set forth below:

(a) A negative 11 cents (-\$0.11) per hundredweight, (-\$.012644) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Lassen, Madera, Mariposa, Merced, Modoc, Monterey, Nevada, Placer, Plumas, Sacramento, San Benito, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba.

(b) A negative 5 cents (-\$0.05) per hundredweight, (-\$.005747) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, and Sonoma.

(c) A negative 27 cents (-\$0.27) per hundredweight, (-\$.031034) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Fresno, Kings, and Tulare.

(d) A negative 20.5 cents (-\$0.205) per hundredweight, (-\$.023563) per pound of quota solids not fat, is assigned to dairy farms located within the counties of: Kern, San Luis Obispo, and Santa Barbara.

(e) No regional quota adjuster is assigned to dairy farms located within the counties of: Imperial, Inyo, Los Angeles, Mono, Orange, Riverside, San Bernardino, San Diego, and Ventura.

Section 801. For each producer, who is not a member of a cooperative association, the total pounds of quota solids not fat shall be multiplied by the appropriate per pound of solids not fat regional quota adjuster in effect at the producer's dairy farm where the milk was produced.

Section 802. For each cooperative association, calculate the amount of daily solids not fat quota allocated to producer members with the same regional quota adjuster and multiply it by the appropriate per pound of solids not fat regional quota adjuster.

~~Section 803. Adjustments to regional quota adjusters shall be subject to approval by Producer referendum.~~

Article 9. Quota Revenue Assessment and Program Administration Assessment

Section 901. The Secretary shall review and/or adjust the quota premium assessment rate as needed. The rate of assessment shall be computed by dividing the quota premium paid to producer, ~~net of Regional Quota Adjusters,~~ for the most recent 12 month period by the pounds of assessable solids not fat produced in those 12 months.

The initial assessment rate shall not exceed \$0.0436 per pound of solids not fat (approximately \$0.3800 per cwt, assuming 8.7 pounds of solids not fat per cwt).

Section 902. The Secretary shall review and/or adjust the program administration assessment rate as needed to cover the cost of administering the Quota Implementation Plan. The initial assessment rate shall be \$0.0030 per hundredweight of assessable milk, but not to exceed \$0.0200 per hundredweight.

Article 10. Reports and Payments to Producers

Section 1000. Handlers shall provide each individual producer from whom milk was received or diverted to California plants during the preceding month with a written report on or before the 19th of the month. The report shall include the following:

- (a) The amount of milk, milk fat, and solids not fat received from the producer or diverted;
- (b) The amount of product paid for as quota solids not fat and the revenue;
- (c) The dollar value and applicable rate of quota assessment deducted from the producer; and
- ~~(d) The rate and amount of Regional Quota Adjuster deducted from the producer.~~

Section 1001. Handlers shall pay a premium to producers who own quota computed by multiplying the ~~producers~~ *producer's* monthly pounds of quota solids not fat by ~~\$0.195 minus any deduction for regional quota adjuster~~ *\$0.115*.

Section 1002. All assessments shall be adjusted through the handler's obligation account for the month following the notification by the secretary of the assessed amount.

Section 1003. Handlers shall deduct a fee from payments made to producers for all milk received or diverted each month in an amount calculated by multiplying the pounds of solids not fat handled for the producer by the quota revenue assessment rate. Handlers shall also deduct a fee from payments made to producers for all milk received or diverted each month in an amount calculated by multiplying the hundredweights of milk by the program administration assessment rate.

The amount of such fee shall be paid to the Secretary on or before the 16th day following the last day of the month in which such market milk was received or diverted. In the event the handler fails to pay this fee, the handler shall pay a penalty amount which shall be equal to 10 percent of such unpaid fee. All monies received under the provisions of this section shall be deposited in the State Treasury to the credit of the Department of Food and Agriculture Fund.

Section 1004. The Secretary shall have access to and may inspect the records of handlers upon reasonable notice.

CA FMMO Milk Pricing									
2018	Lbs. of Pooled	CWT of Pooled	Class 1	Location	Blended		Class 1 Pool	Location	Income after
					Class 1	Location			
November	457,112,150	4,671,122	\$2.10	\$920.6193	\$1.9029	\$8,888.736			
December	459,611,193	4,596,112	\$2.10	\$898.30375	\$1.9046	\$8,753.531			
Total: \$3,212,785									

2020									
2020	Lbs. of Pooled	CWT of Pooled	Class 1	Location	Blended		Class 1 Pool	Location	Income after
					Class 1	Location			
January	452,813,356	4,528,134	\$2.10	\$872.38827	\$1.9073	\$8,636.692			
February	399,556,933	3,995,569	\$2.10	\$918.56496	\$1.9044	\$7,609.131			
March	481,010,968	4,810,110	\$2.10	\$784.14409	\$1.9091	\$9,183.086			
April	420,395,878	4,203,959	\$2.10	\$837.55669	\$1.9008	\$7,990.757			
May	426,265,241	4,262,652	\$2.10	\$858.40895	\$1.8986	\$8,093.161			
June	418,100,882	4,181,009	\$2.10	\$835.48123	\$1.9002	\$7,947.700			
July	408,003,612	4,080,036	\$2.10	\$899.99741	\$1.8966	\$7,738.078			
August	400,039,657	4,000,397	\$2.10	\$820.32191	\$1.8949	\$7,580.511			
September	409,471,404	4,094,715	\$2.10	\$821.74283	\$1.8993	\$7,777.158			
October	438,289,588	4,382,896	\$2.10	\$871.03474	\$1.9013	\$8,333.047			
November	425,814,689	4,258,147	\$2.10	\$893.93171	\$1.8995	\$8,088.171			
December	438,202,821	4,382,028	\$2.10	\$893.60998	\$1.8961	\$8,308.449			
Total: \$1,179,651									

2021									
2021	Lbs. of Pooled	CWT of Pooled	Class 1	Location	Blended		Class 1 Pool	Location	Income after
					Class 1	Location			
January	413,621,598	4,136,216	\$2.10	\$832.01131	\$1.8988	\$7,854.042			
February	389,554,873	3,895,549	\$2.10	\$800.63395	\$1.8945	\$7,380.018			
March	429,764,904	4,297,649	\$2.10	\$874.17892	\$1.8966	\$8,150.885			
April	406,720,150	4,067,202	\$2.10	\$833.26891	\$1.8951	\$7,707.854			
May	388,155,186	3,881,512	\$2.10	\$807.59667	\$1.8919	\$7,343.578			
June	369,155,448	3,691,554	\$2.10	\$739.63607	\$1.8996	\$7,012.628			
July	381,583,052	3,815,831	\$2.10	\$787.48112	\$1.8936	\$7,225.763			
August	409,768,595	4,097,686	\$2.10	\$810.08917	\$1.9001	\$7,786.051			
September	396,532,108	3,965,321	\$2.10	\$786.04635	\$1.8917	\$7,541.128			
October	409,582,825	4,095,828	\$2.10	\$820.67779	\$1.8996	\$7,780.562			
November	422,370,988	4,223,710	\$2.10	\$841.51328	\$1.9008	\$8,028.277			
December	430,847,202	4,308,472	\$2.10	\$853.05083	\$1.9020	\$8,194.740			
Total: \$8,476,530									

2022									
2022	Lbs. of Pooled	CWT of Pooled	Class 1	Location	Blended		Class 1 Pool	Location	Income after
					Class 1	Location			
January	404,177,722	4,041,772	\$2.10	\$810.81307	\$1.8994	\$7,676.919			
February	367,671,918	3,676,719	\$2.10	\$752.71908	\$1.8952	\$7,967.467			
March	411,212,280	4,112,123	\$2.10	\$798.47816	\$1.9058	\$7,836.890			
April	393,758,772	3,937,588	\$2.10	\$805.08833	\$1.8955	\$7,463.853			
May	402,248,374	4,022,484	\$2.10	\$827.00909	\$1.8944	\$7,620.207			
June	374,251,217	3,742,512	\$2.10	\$753.79505	\$1.8986	\$7,105.481			
July	359,284,068	3,592,841	\$2.10	\$757.86746	\$1.8991	\$6,798.098			
August	402,438,431	4,024,384	\$2.10	\$814.00375	\$1.8977	\$7,637.203			
September	395,561,982	3,955,620	\$2.10	\$811.98550	\$1.8947	\$7,494.816			
October	398,103,392	3,981,034	\$2.10	\$830.44232	\$1.8914	\$7,529.729			
November	410,870,908	4,108,709	\$2.10	\$829.97348	\$1.8980	\$7,798.316			
December	409,208,495	4,092,085	\$2.10	\$829.26974	\$1.8973	\$7,764.109			
Total: \$89,682,177									

2023									
2023	Lbs. of Pooled	CWT of Pooled	Class 1	Location	Blended		Class 1 Pool	Location	Income after
					Class 1	Location			
January	422,163,959	4,221,640	\$2.10	\$869.10679	\$1.8941	\$7,996.336			
February	382,976,803	3,829,768	\$2.10	\$786.70800	\$1.8946	\$7,255.804			
March	423,442,949	4,234,429	\$2.10	\$872.09770	\$1.8940	\$8,020.204			
April	367,744,332	3,677,443	\$2.10	\$796.52004	\$1.8905	\$6,952.111			
May	394,425,509	3,944,255	\$2.10	\$770.33083	\$1.8981	\$7,486.606			
June	362,961,290	3,629,613	\$2.10	\$746.52003	\$1.8943	\$6,875.667			

CDFA QIP																																					
Quota	Payments	ROA	Quota Net	Shortfall from	Assessment	Rate /	Rate /	QIP Assessment	SNF from Fed	Total CWTs	Shortfall	Quota	Shortfall	Estimated	Estimated	FAIR w/o RQA	FAIR w/o RQA	Pounds	Pounds	Rate /	Rate /	Payout /	Payout /	Days in	Month	Paid in QIP	Not Paid	Rate /	Rate /	Payout /	Payout /	QIP Program	Total QIP	Monthly Net	Cumulative		
																																				Class 1 Dollars	Class 1 Dollars
\$10,454,307.08	\$992,911.46	\$9,461,395.62	\$572,659.84	\$0.0436	\$0.3793	\$10,979,657.46	9.0%	\$12,913,172.91	9.0%	32,762,576	\$0.1017																										
\$13,335,206.29	\$1,248,531.53	\$12,086,674.76	\$3,333,143.46	\$0.0436	\$0.3793	\$13,181,121.38	9.0%	\$13,181,121.38	9.0%	33,479,435	\$0.0871																										

2020																																						
Quota	Payments	ROA	Quota Net	Shortfall from	Assessment	Rate /	Rate /	QIP Assessment	SNF from Fed	Total CWTs	Shortfall	Quota	Shortfall	Estimated	Estimated	FAIR w/o RQA	FAIR w/o RQA	Pounds	Pounds	Rate /	Rate /	Payout /	Payout /	Days in	Month	Paid in QIP	Not Paid	Rate /	Rate /	Payout /	Payout /	QIP Program	Total QIP	Monthly Net	Cumulative			
																																				Class 1 Dollars	Class 1 Dollars	SNF from Fed
\$13,351,898.06	\$1,249,207.58	\$12,102,690.48	\$3,465,998.27	\$0.0374	\$0.3254	\$13,337,705.88	8.9%	\$13,337,705.88	8.9%	33,633,725	\$0.1031																											
\$12,476,555.71	\$1,168,614.42	\$11,309,941.49	\$3,700,810.86	\$0.0374	\$0.3254	\$10,756,077.66	8.9%	\$10,756,077.66	8.9%	32,997,730	\$0.1153																											

2021																																						
Quota	Payments	ROA	Quota Net	Shortfall from	Assessment	Rate /	Rate /	QIP Assessment	SNF from Fed	Total CWTs	Shortfall	Quota	Shortfall	Estimated	Estimated	FAIR w/o RQA	FAIR w/o RQA	Pounds	Pounds	Rate /	Rate /	Payout /	Payout /	Days in	Month	Paid in QIP	Not Paid	Rate /	Rate /	Payout /	Payout /	QIP Program	Total QIP	Monthly Net	Cumulative			
																																				Class 1 Dollars	Class 1 Dollars	SNF from Fed
\$13,381,644.35	\$1,256,583.63	\$12,125,060.72	\$4,271,018.53	\$0.0420	\$0.3654	\$13,238,806.39	9.0%	\$13,238,806.39	9.0%	34,945,640	\$0.1222																											
\$12,087,733.29	\$1,134,955.99	\$10,952,777.30	\$3,572,758.92	\$0.0420	\$0.3654	\$12,161,852.06	8.9%	\$12,161,852.06	8.9%	32,210,001	\$0.1109																											

2022																																						
Quota	Payments	ROA	Quota Net	Shortfall from	Assessment	Rate /	Rate /	QIP Assessment	SNF from Fed	Total CWTs	Shortfall	Quota	Shortfall	Estimated	Estimated	FAIR w/o RQA	FAIR w/o RQA	Pounds	Pounds	Rate /	Rate /	Payout /	Payout /	Days in	Month	Paid in QIP	Not Paid	Rate /	Rate /	Payout /	Payout /	QIP Program	Total QIP	Monthly Net	Cumulative			
																																				Class 1 Dollars	Class 1 Dollars	SNF from Fed
\$13,381,644.35	\$1,256,583.63	\$12,125,060.72	\$4,271,018.53	\$0.0420	\$0.3654	\$13,238,806.39	9.0%	\$13,238,806.39	9.0%	34,945,640	\$0.1222																											
\$12,087,733.29	\$1,134,955.99	\$10,952,777.30	\$3,572,758.92	\$0.0420	\$0.3654	\$12,161,852.06	8.9%	\$12,161,852.06	8.9%	32,210,001	\$0.1109																											

2023									
Quota	Payments	ROA	Quota Net	Shortfall from	Assessment				

End of Proposal
By
Mr. Konyn

Feedback from FMMO about Class 1 Prices and California's Quota Program

From: [Donald Shippelhoute](#)
To: [Diaz, Kathy@CDFA](mailto:Diaz,Kathy@CDFA)
Subject: California Pool / FMMO Pool differences
Date: Wednesday, April 10, 2024 8:39:06 AM

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Hi Kathy,

As we discussed there are several differences between milk pooled under the old California program and the milk pooled under the Federal Milk Marketing Order (FMMO).

Perhaps the biggest difference is the ability to regulate interstate milk movements. Under the California system, milk produced on farms located outside of California could not be pooled. This encouraged some farm milk to move from surrounding states into California bottling plants, allowing the farm to receive direct payment for that milk without sharing the higher Class 1 revenue in a producer pool. Without that loophole, much of that milk is now staying in the state(s) it is produced in.

Along those lines, CDFA could not price packaged milk sold into California from plants located outside of California. Under the FMMO some packaged milk that is bottled outside of California is pooled on the California pool. The list of pool plants for each month is listed on the monthly blend price letter. If one reviews those letters, they will see plants from Nevada and Utah.

Under the California system, there was a group of producer-handlers (PH's) that had a portion of their milk exempt from the pool. These entities producer farm milk in California and bottled it in their own plants. They were exempting millions of pounds of Class 1 milk each month (limited by their 'exempt quota' pounds. Under the FMMO PH's are limited to entities that process small volumes of milk in their own plants, so the volume of PH milk under the FMMO is much smaller than under CDFA.

Both systems included 'exempt' handlers. In both cases, these handlers were very small, and are insignificant in volume and value.

While most products that were Class 1 under the CDFA system are Class 1 under the FMMO, there are some products that were not.

Let me know if you have any other questions.

Thanks,
Donald

State of California
Department of Food and Agriculture
Quota Implementation Plan (QIP)

Article 1. Definitions

Article 1. Definitions of the QIP includes the definitions of a “Hardship” and “Producer” as follows

“Hardship” means a challenge to the management and operation of a dairy due to the operation of this Plan.

“Producer” means any person that produces market milk in the State of California from five or more cows and includes members of cooperative associations.

Article 5. Hardship Consideration

Article 5. Hardship Consideration, Section 500 provides that producers may:

- request for relief from hardship
- that includes a basis for which the (hardship) review is requested, and
- the extent of the relief requested.

Section 500. *Producers may request relief from hardship to **the Producer Review Board**, include the basis for which the review is requested, and the extent of relief requested.*

*The Producer Review Board may request the applicant to submit additional information or documents as it deems necessary and appear for oral interview. **The Producer Review Board shall submit its recommendation in writing to the Secretary**, along with its findings. The recommendation shall include support of the request, denial or partial relief and indicate the extent of relief recommended and the effective date for such relief.*

The Producer Review Board recommendations shall be subject to approval or modification by the Secretary, who shall notify the producer in writing of the decision within 15 days after receiving the recommendations from the Producer Review Board. (Emphasis Added)

Further sections that reference hardships are under Article 2. Section 200, Article 4. 400(f), and 400(g) (see below). Those sections are specific to quota.

Article 2. Allocation of New Producer’s Quota:

Section 200. *Any quota which has reverted to the Department pursuant to a hardship shall be allocated on a continuing basis to qualified new producers. This quota will be accumulated until such time as there is sufficient quota to issue to the next new producer on the priority list.*

Article 4. Ownership and Transfer of Quota:

Section 400(f) *Any producer who received quota under the hardship provisions of Article 5 shall not be eligible to transfer all or any part of the quota so assigned until five years have elapsed after such assignment. Any quota held by such producer, may be disposed of only in their entirety within the five-year period specified and, if they are so disposed of within that period, the quota assigned under Article 5 shall revert to the Department for reallocation;*

Section 400(g) *Quota issued under the Hardship provisions shall revert to the Department for reallocation in the event the holder of such quota discontinues milk production within the periods specified in Paragraph 400(f);*

From: james.vieira
To: [Ko, David@CDFA](mailto:Ko,David@CDFA)
Subject: hardship
Date: Saturday, November 18, 2023 11:19:35 AM

CAUTION: [External Email] - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

Attention David Ko (CDFA)

My name is Jim Vieira, I own and operate GJC Dairy, Inc. I am a Hilmar Cheese shipper and due to low price of milk and high feed cost of doing business we can no longer pay our Dairy bills.

I am requesting a hardship consideration. My Dairy is currently losing money. I'm having to borrow money each month to pay my dairy bills.

I'm requesting the money taken from my check for the QIP each month to be suspended indefinitely or until I can pay off my Dairy debts.

Thank you, Jim Vieira
11/18/2023

YEAR TO DATE		Permit #	
Product	347,950	Gross	59,673.43
Dairy Col	0.00	Dues/Fees	0.00

RECEIPTS	
1	0 7 38,980 13 39,160 16 0 22 0 28
2	0 8 38,020 14 38,720 17 0 23 0 29
3	0 9 38,840 15 40,676 18 0 24 0 30
4	0 10 38,160 19 0 25 0 31
5	0 11 37,256 20 0 26 0
6	0 12 38,138 21 0 27 0

COMPONENT	TEST	WEIGHT	PLANT PRICE	VALUE
Product		347,950	CWT Price 17.1500	59,673.4
BUTTERFAT	3.930011	13,674.47	Fat Diff 0.0000	0.0
PROTEIN	3.269989	11,377.93		
OTHER SOLIDS	5.809995	20,215.88	Plant Zone/Premium 0.0000	0.0
TOTAL SOLIDS	13.009995	45,268.28	Adtl Compensation	0.0
SOLIDS NON FAT	9.090005	31,628.67		0.0
SKIM %	96.060000	334,275.53	SCC PREMIUM/DEDUCT 0.0000	0.0
ANTIBIOTIC	NEG		0.0000	0.0
SOMATIC CELL	200		0.0000	0.0
SPC	0		0.0000	0.0
CRYOSCOPE	545		0.0000	0.0
SEDIMENT	1		0.0000	0.0
PI COUNT	0		0.0000	0.0
LPC	0			

Average Price	17.1500	Farm Gross Pay	59,673.4
	To Partners Lbs	0	To Partners \$ 0.0
	Adjusted Lbs	347,950	Adtl Compensation 0.0
Deductions	2,769.92	Assignments 0.00	Total Asgn/Deduct 2,769.9
Itemized Assignments, Deductions, Compensations			Net Pay 56,903.5
Hauling Charge	-2,400.86	Stop Charge -90.00	DAIRY FOOD CTR -3.4
QUOTA ADMIN	-10.44	FUEL SURCHARGE -240.09	CA Dairy Counc -25.0
XXXXXXXXXX1713	.00		

NFO MEMBERS DAIRY CUSTODIAL

600264 : G.P.DAIRY, INC
Pool # 053890
2401 Newman Rd.
Turlock CA 95380

01/15/2024

California Cheese Yield		\$212,458.42
Fat Premium		\$463.47
Market Premium		\$15,091.85
Quality Premium		\$1,939.37
Adjusted Gross Payment		\$229,953.11
Assessments		
California Milk Advisory Board	\$ 0.001000 X 1,410,453 Pounds	\$(1,410.45)
National Dairy Promotion	\$ 0.000500 X 1,410,453 Pounds	\$(705.23)
Cnty Insp Fees (A)	\$ 1.000000 X 198.38 Dollars	\$(198.38)
Cdfa Mpstf Administration	\$ 0.000033 X 1,410,453 Pounds	\$(46.54)
Milk & Dairy Food Safety	\$ 0.000010 X 1,410,453 Pounds	\$(14.10)
Quota Premium Assessment	\$ 0.040000 X 127,862 Pounds	\$(5,114.48)
Dairy Council Nq-Snf	\$ 0.000720 X 127,862 Pounds	\$(92.06)
Hauling - Daily	\$ 16.500000 X 31 Days	\$(511.50)
Ranch to Plant Hauling	\$ 0.003789 X 1,410,453 Pounds	\$(5,344.21)
Fuel Surcharge	\$ 0.001326 X 1,410,453 Pounds	\$(1,870.26)
Assessments		\$(15,307.21)
Assignments		
Pay to 50162 YOSEMITE FARM CREDIT		\$(37,800.00)
Pay to 50162 YOSEMITE FARM CREDIT		\$(37,800.00)
		\$(75,600.00)

Advance Payment	\$83,244.03
Final Payment	\$55,801.87
Net Paid to Producer	\$139,045.90

SUMMARY DATA	Current Month		Last Month		Year to Date	
	Per CWT	Total	Per CWT	Total	Per CWT	Total
Market Premium	\$1.0700	\$15,091.85	\$0.8100	\$17,488.51	\$1.2592	\$330,306.36
Fat Premium	\$0.0329	\$463.47	\$0.0000	\$0.00	\$0.0158	\$4,024.72
Quality Premium	\$0.1375	\$1,939.37	\$0.2400	\$5,181.78	\$0.2517	\$66,711.05
Total Premium	\$1.2404	\$17,494.69	\$1.0500	\$22,670.29	\$1.5267	\$401,042.13
California Cheese Yield	\$15.0631	\$212,458.42	\$16.0700	\$346,975.40	\$16.5800	\$4,335,499.47
Quota Premium	\$0.0000	0.00	\$0.0000	\$0.00	\$0.0000	\$0.00
Adjusted Gross	\$16.3035	\$229,953.11	\$17.1200	\$369,645.69	\$18.1058	\$4,736,541.60
Net Pay To/For	\$15.2182	\$214,645.90	\$16.0400	\$346,419.05	\$17.1042	\$4,476,327.92

CDFA staff and lawyers

I believe there has been a little confusion on the part of CDFA staff. On February 5th PRB meeting I presented a hardship to the PRB Board. There was a motion and a second and a vote to send my hardship to secretary, Karen Ross, and to table the other nine that were up for consideration.

According to the QIP article 5 hardship consideration, the secretary has 15 days after receiving board recommendations to consider a hardship. It has been close to 30 days, and I have heard nothing.

I called Kathy Diaz and asked what the status of my hardship was, and she suggested I call the chairman of the PRB board. Kathy Diaz stated she thought the motion was to be sent to the board and not Karen Ross. She sent me the contact for Art Van Beek chairman of the PRB board.

Art Van Beek chairman of the board had the same recollection as I that the motion was to be sent to Karen Ross, Secretary of ag.

I, as well as others have sent several definitions of a hardship since then. I understand that hardships in the past we're only used for the buying and selling of quota that was issued free by the state of California, California issued free quota to the dairyman in 1969, the states plan was to issue quota to all dairyman until everyone had quota, and when everyone had quota, quota, would no longer be needed this was called equalization. But as we all know, class one sales begin to fall and no new quota was issued, dairyman started to buy and sell quota and the state seeing this realized quota would not be equalize like it was originally intended and be phased out by 1987, so the state made a rule if you bought quota from a dairyman, you cannot sell your quota or any quota that you required free from the state or quota you bought, for a period of two years after purchasing quota from a Dairyman.

If you wanted to sell your quota before the two-year state issued mandatory waiting period, you could not do so dairyman who wanted to sell their quota before the mandatory state issued two-year waiting period was over had to go before the board and ask for a hardship consideration so they could sell their quota before the two-year state mandated waiting period was over.

I don't have records or any knowledge of how many hardships were considered, nor do I know how many were granted. If the hardship was not granted, and the dairyman was forced to sell his cows the quota would have been returned to the State. It would be interesting to know over the 55-year length of this program how much quota was returned to the state because a hardship was not granted.

The QIP as defined in article 1. It does not mention the buying and selling of quota. And it does not exclude using a hardship for the buying and selling of quota namely the two-year waiting Period.

The definition of a hardship in the QIP in article 1 is simply a hardship, means a challenge to the management and operation of a dairy due to the operation of this plan.

So, you see hardship does not exclude anything. It does include a challenge to the management and operation of this program. For example, if a dairy bought \$1 million worth of quota and was forced to sell his cows a year after the purchase and stood to lose a half million dollars because he was forced to give that quota back to the state that would be a financial hardship.

If I dairyman was forced to pay a half million dollars over a five-year period or one year period or a 10-year period. Or a 20-year period that would be a hardship. Remember a dairyman paying a half million dollars into the QIP gets absolutely nothing for the half million paid into the program absolutely nothing that would be considered a hardship by any definition it would be considered a hardship to take money from someone and give them absolutely nothing in return.

Proof of hardship, QIP quota revenue means revenue, collected from producers of market milk, for the sole purpose of paying a premium to holders of quota. The dairyman that is forced to pay the quota. Premium gets nothing in return, so the money paid into the QIP is money lost you see the hardship does not exclude anything, whether it be in the buying and selling of quota or the damage it is doing to California dairyman.

Article 5 paragraph 3 states very plainly after the producer review board sends a hardship consideration to the secretary of ag the secretary has 15 days to respond the PRB board sent a hardship request to the secretary of Ag on February 5 it is now well past the deadline as stated in the QIP.

I respectfully would like an answer to my hardship request as soon as physically possible. We are well past the deadline. Is the QIP the legal document we are supposed to be governed by if it is all dairymen should be treated equally under the QIP.

CDFA did a producer survey October 2023 the surveys purpose was to find how the QIP was working for the dairyman. Roughly 50% quota holders and 50% non- quota holders. The main finding of this survey was that the dairy industry in California was deeply divided due to this program, the QIP. The findings of this survey done by the Natural Marketing Institute stated something needs to be done. Nothing has been done. Nothing has changed. A hardship consideration needs to be used to end the needless financial suffering and hardship that this program has provided.

Again, I'm not asking you to change the program. I'm not asking for special consideration I'm simply asking to use the program for which it was intended. The QIP has a hardship clause, and my hardship has been sent to secretary of Ag. Karen Ross. The fate of this industry is in Secretary Karen Ross power to strengthen by letting those who earn their money to keep the money they earn. The dairymen with quota will be affected far less by granting me a hardship than I am being affected by paying into the QIP.

Respectfully, Jim Vieira,

GJC Dairy, INC.

I am requesting for Karen Ross to grant my hardship request that meets the requirements of the QIP in article 1 page 1 hardship means a challenge to the management and operation of a Dairy due to the operation of this plan.

I Jim Vieira, owner of GJC dairy Turlock California. I am requesting a hardship by meeting the requirements of the QIP article 1 page 1 I am requesting the QIP deductions from my Milk check to stop immediately and indefinitely. The cost of making milk in California is well over \$20 dollars a cwt my pay price has been well below that for quite some time, and I am in danger of being forced to sell my herd as many Dairymen have sold and many more are currently doing so. We are losing one Dairy a week in California, and I do not want to be the next forced to sell. The quota payment I make does nothing to help My Dairy only hurts it. And remember we are currently paying twice as much for quota as there are class 1 sales. The study that was just completed by the natural marketing institute states this program is clearly broken. Although I agree with this 100%, I have tried repeatedly to get relief none has come.

I did not vote for the QIP since I was shipping milk grade B at the time therefore, I was not eligible to vote. Grade B has since been phased out and I am forced to pay into this program or sell my herd my dairy needs immediate relief from this outdated and hurtful program. This program does nothing but take money from one dairyman and gives it to another as stated in the QIP page 2 quota revenue means revenue collected from producers of market milk for the sole purpose of paying a premium to quota holders. This program is like slavery, and I respectively do not wish and cannot afford to participate. Please instruct the CDFA to cease, taking money from my Milk check immediately and indefinitely. As to section 500 I have requested relief from hardship and have included the basis of relief with my Milk check with price well below cost of production.

The PRB has sent my request and time is of the essence. I need timely action on this request and any additional information you may need can be provided but state cost of production that is readily available and my pay price should be all the information anyone needs to make an informed decision that I cannot continue selling milk under the cost of production and giving a portion of that income to quota holders and as it states in the QIP quota revenue means revenue, collected from producers. I am a producer of market milk I produce market milk. They are collecting my money for the sole purpose of paying a premium to quota holders. Again, state cost of production, and my pay price is all that should be needed to make an informed decision that my Dairy is not sustainable under the QIP, and under the hardship provision in the QIP, I should have immediate relief from this program and like I informed the PRB you either lose my milk to me selling the herd or you lose my revenue by ceasing to take money out of my check simply to give it to those who possess a quota certificate
Please consider this request in a timely manner as to the QIP section 500

We follow the QIP, or we don't follow the QIP we have everything in place to grant relief for struggling Diaries in this great State of California, judging by the rules, and articles of the QIP I do expect immediate relief within the 15 days that is Specified in article 5 section 500.

Sincerely, Jim Vieira
GJC Dairy Turlock CA

From: [Natalino Silveira](#)
To: Ko, David@CDFA; Diaz, Kathy@CDFA; Ross, Karen@CDFA
Subject: Quota Hardship
Date: Monday, November 27, 2023 9:08:45 AM

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N&C Silveira Dairy
6025 Hultberg Rd.
Turlock, Ca 95380

November 21st, 2023

Attention all,

My name is Natalino Silveira. I am the owner and operator of N&C Silveira dairy. My wife and I started our dairy business in 1998. We ship our milk to Hilmar Cheese Company. We've had a considerable amount of challenges throughout the years as we are having now. With high feed prices and low milk income, it is extremely hard to pay our bills, as I am continuously borrowing money to be able to pay them. As of 1998-2023, N&C Silveira has paid an estimate of \$2,000,000+ into the Quota program, through the deductions in our creamery checks. I am requesting a hardship consideration. Furthermore, I am requesting that the QIP payments from our milk check be suspended indefinitely. It is an outdated program that is dividing our industry and putting neighbors against each other. It is also a payment that is taken from my check that one has explained to me what I've received for that payment.

Thank you,
Natalino Silveira



N&C Silveira Dairy

Dairy Central

6480 Mitchell Road
Hilmar, CA 95324
(209)321-5444

California Department of Food & Agriculture
1220 N. Street
Sacramento, CA 95814

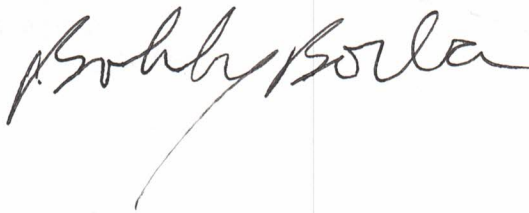
November 29nd, 2023

Attention Secretary Karen Ross:
Kathy Diaz
David Koi

My Name is Bob Borba, owner of Dairy Central and a shipper (#600471) to Hilmar Cheese Co. This is my formal request for hardship consideration. I have included in an attachment to this letter a display of what my operating loan balance currently is. I cannot afford to keep funding the illegitimate QIP Program which not only is outdated but serves very few and takes from the majority. At current income and input costs, my dairy is unable to continue to fund QIP. Our industry is on the decline; please don't let us be another dairy to go out of business. Suspend the QIP deduction from my income.

Thank You

Bob Borba





Your future grows here

Corporate
400 Aviation Blvd, Suite 100
Santa Rosa CA 95403
(707) 545-1200

ACCOUNT INFORMATION

Account Number	[REDACTED]
Pricing Option	Variable Rates
Principal Balance	\$5,200,980.85

3672 1 AV 0.495 *0004073 S1



BOBBY MORRIS BORBA
6480 MITCHELL RD
HILMAR CA 95324-9639



LOAN ACTIVITY STATEMENT

Statement Period: 10/01/2023-10/31/2023

RLOC Variable Loan



Account Nickname	RLOC Variable Loan
Pricing Option	Variable Rates
Interest Rate at Beginning of Period	8.900000%

Balances Through	10/31/2023
Principal Balance	\$5,200,980.85
Accrued Interest	\$37,750.49
Interest Paid Year to Date	\$273,968.58

FACILITY INFORMATION



Facility Number	[REDACTED]
Facility Description	RLOC (5MM) 2020
Line of Credit Limit	\$5,500,000.00
Available Commitment	\$299,019.15

Product Type	Commercial Revolving LOC
Draw Period Expiration	05/31/2026
Facility Maturity	06/01/2026

LOAN HISTORY

0004073

0045AAG

8221A00X.002



February 27, 2024

Secretary Karen Ross
Kathy Diaz
David Koi
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

RE: Bobby Borba
Dairy Central

To Whom It May Concern:

My client requested that I write to you regarding the hardship the QIP Program has put on his business Dairy Central.

Mr. Borba operates a dairy located in Hilmar, California and his milk is shipped directly to Hilmar Cheese Company.

Mr. Borba has operated at significant losses over the past several years. He has kept his business operational but has incurred a large amount of debt in the process.

The QIP deductions pose a hardship to his operation, and many other dairy operations. As such we are respectfully requesting the QIP deduction be suspended.

Thank you for your time and consideration.

Very truly yours,

Gallagher Gatewood

Cathy L. Gatewood
Enrolled Agent

Michelle Gallagher, CPA
Cathy Gatewood, EA



3501 Tully Road Suite B
Modesto CA 95356



(209) 526-3091
fax (209) 526-2287



info@gg-cpa.com
www.gg-cpa.com





★ **DAIRY AVENUE, LLC** ★

36569 6th Avenue
P.O. Box 98
Corcoran, CA 93212
559-285-8929

My name is Richard Oppedyk, I am Partners in Dairy Avenue, LLC located in Corcoran CA. I am California Dairyman milking 2500 Cows and due to low milk price & high feed cost I am requesting a hardship consideration.

Dairy Avenue, LLC is currently losing money, we have been struggling with historical high feed costs for years now. We are borrowing money at unprecedented levels each month just to keep up with the ever-increasing costs due to inflation and regulations. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until the industry can pay a fair milk price. Without this consideration it is going to be difficult to continue in the Dairy business.

Thank you for your consideration!

Richard Oppedyk

Dairy Avenue, LLC

36569 6th Avenue

Corcoran, CA 93212

roppedyk@gmail.com

From: [G. Leyendekker Dairy](#)
To: [Ko, David@CDFA](#); [Diaz, Kathy@CDFA](#); [secretary.ross@cdfa.ca.gov](#)
Subject: STOP QIP
Date: Thursday, November 30, 2023 10:01:01 AM

CAUTION: [External Email] - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

My name is Gerben Leyendekker, I own Gerben Leyendekker Dairy & GP Dairy. I am a California Dairyman and due to low milk price & high feed cost I am requesting a hardship consideration.

My dairy is currently losing money. I'm having to borrow money each month to pay my Dairy bills. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until I can pay off my debts.

Without this consideration it is going to be difficult to continue in the Dairy business.

From: [G. Leyendekker Dairy](#)
To: secreatay.ross@cdfa.ca.gov; Diaz_Kathy@CDFA; Ko_David@CDFA
Subject: STOP QIP
Date: Thursday, November 30, 2023 10:03:20 AM

CAUTION: [External Email] - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

My name is Frank Leyendekker, I own Cross Creek Dairy & East View Dairy. I am a California Dairyman and due to low milk price & high feed cost I am requesting a hardship consideration.

My dairy is currently losing money. I'm having to borrow money each month to pay my Dairy bills. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until I can pay off my debts.

Without this consideration it is going to be difficult to continue in the Dairy business.

From: [DANNY SOZINHO](#)
To: secratay.ross@cdfa.ca.gov; Diaz_Kathy@CDFA; Ko_David@CDFA
Subject: SUSPEND QIP REQUEST
Date: Tuesday, November 28, 2023 8:34:25 PM

CAUTION: [External Email] - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

Attention Karen Ross, Kathy Diaz & David Ko.

SOZINHO DAIRY

8489 E. ELKHORN AVE.
SELMA, CA. 93662
(559) 896-9715

Attention Karen Ross, Kathy Diaz & David Ko.

My name is Danny Sozinho, I am a family owner of our family farm Sozinho Dairy, my parents started in 1977, we have never had a difficult year as we had this year due to low milk price & high feed cost. I am requesting a hardship consideration.

Our family dairy farm has been negative losing money for most of this year, negative hundreds of thousands dollars a month, I find it hard to sleep a night knowing this, we are at the breaking point to keep our third generation dairy farm in business, I feel I alone as most of our family friends who had a family dairy farms have gone out of business, I'm having to borrow money each month to pay my bills. I'm requesting the money taken from my milk paycheck for the QIP each month be suspended indefinitely, as we all understand it is only benefitting the **minority** not the **majority** of Californian Dairy farmers, QIP is wrong and unfair. Please consider this request to keep family dairy farms in existence in our wonderful state of California.

Sincerely,

Danny Sozinho

PLEASE RESPOND THAT EMAIL WAS RECEIVED

Thank you,

Danny Sozinho
559-381-5485

SOZINHO DAIRY

From: [G. Leyendekker Dairy](#)
To: [Ko, David@CDFA](#); [Diaz, Kathy@CDFA](#); [secretary.ross@cdfa.ca.gov](#)
Subject: STOP QIP- Fred Leyendekker
Date: Monday, January 29, 2024 8:27:05 AM

CAUTION: [External Email] - This email originated from outside of our CDFA organization. Do not click links or open attachments unless you recognize the sender and know the content is expected and is safe.

Attention Karen Ross, Kathy Diaz & David Ko. As you know we have lost 100' Dairy's since the QIP. My name is Fred Leyendekker , I own South Corner Dairy. I am a California Dairyman and due to low milk price & high feed cost I am requesting a hardship consideration. My dairy is currently losing money. I'm having to borrow money each month to pay my dairy bills. I'm requesting the money taken from my check for the QIP each month be suspended indefinitely or until I can pay off my debts. Without this consideration it is going to be difficult to continue in the Dairy business.

DUE TO ERROR ON FIRST SUBMISSION I AM RE SUBMITTING THIS!

Thanks, Fred Leyendekker.