



July 15, 2015

NOTICE OF REQUIRED PUBLIC HEARING
To Consider the Five-Year Continuation
of the California Milk Advisory Board
and the California Manufacturing Milk Advisory Board
and the Possible Merger of the Two Programs

The California Department of Food and Agriculture (CDFA) is calling a combined public hearing to receive comments from the dairy industry and the general public on the possible continuation of the Marketing Order for Research, Education and Promotion of Marketing Milk and Dairy Products in California (California Milk Advisory Board or CMAB) and the possible continuation of the Marketing Order for Manufacturing Milk and Dairy Products in California (California Manufacturing Milk Advisory Board or CMMAB)). CDFA is required to conduct such a hearing at least once every five years to determine if these programs are fulfilling their declared purposes.

The public hearing is scheduled as follows: (There is plenty of free parking at this location.)

Date / Time	Location
Wednesday August 19, 2015 Beginning at 10:00 a.m.	Stanislaus County Agricultural Center - Harvest Hall 3800 Cornucopia Way Modesto, California

As part of this year’s required continuation hearing, CDFA will also be seeking comments on the possible merger of the CMAB and the CMMAB. This proposed merger concept was recently endorsed by both the CMAB and the CMMAB as a means to increase efficiency and reduce administrative costs.

The CMAB and the CMMAB are both state marketing programs, operating under the oversight of CDFA, that conduct research, education and generic promotion activities on behalf of California milk producers. The CMAB is funded by a mandatory producer assessment on all market grade milk produced in California, while the CMMAB is funded by a mandatory producer assessment on



all manufacturing grade milk produced in California. The assessment rate for both programs is \$0.10/cwt. of milk produced which serves as a credit against the mandatory federal \$0.15/cwt. producer assessment of the National Dairy Promotion and Research Board.

HEARING PROCEDURE

All producers of California milk and other interested persons are invited to attend and provide testimony for this required hearing. Testimony may be provided in person at the hearing or may be submitted in writing prior to the hearing. Written comments submitted prior to the hearing can be mailed to Dennis Manderfield in CDFA's Marketing Branch at 1220 N Street, Sacramento, CA 95814, or by e-mail to dennis.manderfield@cdfa.ca.gov. In order for pre-hearing written comments to be accepted and entered into the hearing record, they must be received at this office no later than August 17, 2015.

At the hearing, a CDFA representative will present testimony regarding the procedure used to develop the official lists of milk producers to whom this notice was mailed. The Hearing Panel will receive testimony and evidence, both oral and documentary, regarding the following matters:

- 1) The production, economic, and marketing conditions affecting the California dairy industry and the effect of the CMAB and the CMMAB upon such conditions.
- 2) Whether the CMAB and the CMMAB:
 - Tend to effectuate the declared purposes and attain the declared objectives for marketing orders as specified in the California Marketing Act (Chapter 1 of Part 2, Division 21 of the Food and Agricultural Code) and
 - Further the interests of the residents of the State of California

The hearing transcript and written comments (hearing record) will be considered by CDFA in determining if either or both of the programs will be authorized to continue. If the hearing record generally supports continuation of either or both of the programs, CDFA may authorize one or both of them to operate for another five years without the need for an industry referendum. However, if CDFA finds from the hearing record that a substantial question exists as to whether either or both of the programs are fulfilling their declared purposes, CDFA will conduct a vote of the affected milk producers to determine if either or both of the marketing

orders should be continued. Additionally, if CDFA receives testimony and written comments that support the merger of the CMAB and the CMMAB, CDFA may take action to implement the proposed merger.

HEARING PREPARATION

Those who support the continuation of the CMAB and/or the CMMAB should provide testimony that supports why they believe either or both of the programs should be continued.

Conversely, those who may have concerns about the continuation of either or both of the programs should provide testimony that supports those concerns. Following are some examples of questions that hearing witnesses may wish to consider in preparing their testimony. In answering these questions, witnesses should try to provide the rationale behind their opinions and relevant examples substantiating their views.

- What have been the most significant accomplishments or deficiencies of the CMAB and the CMMAB over the past five years?
- Has the producer assessment to fund the CMAB and the CMMAB proven to be a cost effective investment for California milk producers.
- Currently the \$0.10/cwt. producer assessment to fund the CMAB and the CMMAB serve as a credit against the mandatory federal \$0.15/cwt. assessment for the National Dairy Promotion and Research Board. Is the California dairy industry well served by this current arrangement or would the California dairy industry be better served by having no local programs with the full \$0.15/cwt. going to the national program?
- Have the activities of the CMAB and the CMMAB helped create and reinforce demand for the consumption of California dairy products?
- Have the CMAB and the CMMAB modified their activities over time to ensure they stay current, relevant and effective?
- Have the CMAB and the CMMAB effectively monitored and addressed important marketing issues facing the dairy industry?
- Have the CMAB and the CMMAB effectively monitored and addressed important research issues facing the dairy industry?

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- Are there ways that the operation of the CMAB and the CMMAB could be improved?
- Would it be beneficial to merge the CMAB and the CMMAB into one program jointly funded by all California milk producers regardless of their milk grade?
- What are the problems and opportunities facing the California milk industry in the next five years? Are there activities that the CMAB and the CMMAB can and/or should undertake to help the industry address these problems and opportunities?
- Do the activities of the CMAB and the CMMAB benefit the general public?

Once again, all interested persons are invited to attend the hearing and to provide oral or written testimony for the hearing record. If you have questions about this hearing, please contact Dennis Manderfield of this office at 916-900-5018. If you have questions about the activities of the CMAB and/or the CMMAB, contact John Talbot, CEO of the two programs at 650-871-6455.

Sincerely,

A handwritten signature in blue ink that reads "Robert Maxie". The signature is written in a cursive style with a large initial "R".

Robert Maxie, Chief
Marketing Branch