



July 28, 2010

**NOTICE OF PUBLIC HEARING ON THE CONTINUATION
OF THE MARKETING ORDER FOR RESEARCH, EDUCATION, AND PROMOTION
OF MARKET MILK AND DAIRY PRODUCTS IN CALIFORNIA AND THE MARKETING
ORDER FOR MANUFACTURING MILK AND DAIRY PRODUCTS IN CALIFORNIA**

TO ALL INTERESTED PARTIES:

The California Department of Food and Agriculture (CDFA) is calling a combined public hearing to address the continuation of the Marketing Order for Research, Education and Promotion of Market Milk and Dairy Products in California (Marketing Order for Market Milk) and the Marketing Order for Manufacturing Milk and Dairy Products in California (Marketing Order for Manufacturing Milk). This hearing is called pursuant to Section 59086 of the California Marketing Act, (Chapter 1 of Part 2, Division 21 of the Food and Agricultural Code), which provides that a public hearing must be held at least once every five years to consider the continuation of those marketing orders which provide no other specific means for the respective industry to consider continuation.

As you may be aware, the Marketing Order for Market Milk and the Marketing Order for Manufacturing Milk are state marketing orders that conduct research, education and generic promotion activities on behalf of the California milk industry. These activities are funded by mandatory assessments upon all California milk producers. The last hearing regarding the continuation of these marketing orders was conducted on September 13, 2005. Therefore, notice is hereby given that a public hearing is being called to once again consider continuation of the marketing orders.

The public hearing is scheduled as follows:

Date / Time	Location
Friday August 27, 2010 Beginning - 10:00 a.m.	California Department of Food and Agriculture 1220 N Street, Auditorium Sacramento, California

HEARING PROCEDURE

All affected producers of California milk and other interested persons are invited to participate in this hearing. Additionally, written comments will be accepted if sent to this office to the attention of Glenn Yost, postmarked or received no later than August 27, 2010.



At the hearing, CDFA representatives will present testimony with respect to the procedure used to develop the official lists of milk producers used to mail this notice of public hearing, and will receive testimony and evidence, both oral and documentary, with respect to the following matters:

1. The production, economic, and marketing conditions affecting the milk industry of this State, some or all of which may be impacted by the activities of the two marketing orders;
2. Whether either or both of the marketing orders tend to effectuate the declared purposes and attain the declared objectives of the California Marketing Act.

The hearing transcript and written comments will be considered by CDFA in determining if either or both of the marketing orders will be authorized to continue. If the testimony presented at the hearing generally supports the continuation of the marketing orders, 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 marketing orders 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.

HEARING PREPARATION

At the hearing, supporters of the continuation of the Marketing Order for Research, Education and Promotion of Market Milk and Dairy Products in California and/or the Marketing Order for Manufacturing Milk and Dairy Products in California should provide testimony that communicates why they believe either or both of the marketing orders should be continued. Conversely, those who may have concerns about the continuation of either or both of the marketing orders should provide testimony that substantiates their concerns. Following are some examples of questions that hearing witnesses may wish to consider in preparing their testimony.

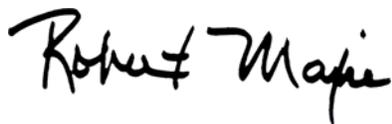
- What have been the accomplishments or deficiencies of the marketing orders over the past five years? Is the industry better off because of the orders or has the expenditure on the orders not been cost effective? Is there a better way to advance the interests of the milk industry other than through the operation of these marketing orders?
- Are the marketing orders capable of addressing the problems of the industry? If not, why not? If so, why? Are changes necessary to allow the marketing orders to better serve the good of the industry?
- Have assessment monies been spent wisely, efficiently, and according to the authority granted to the marketing orders by the California Marketing Act? If not, why not?
- The assessments for the marketing orders serve as credits against the mandatory 15 cent assessment of the National Dairy Promotion and Research Board. Is the California

dairy industry well served by this or would it be better served by having no local program with the full 15 cents going to the national program?

- Have the activities of the two marketing orders helped create and reinforce demand for the consumption of dairy products? If not, why not?
- Have the two marketing orders effectively monitored and addressed important marketing and research issues facing the dairy industry? If not, what issues did they miss?
- Have the two marketing orders modified their activities over time to ensure that they stay relevant to key customers in a changing marketplace? Please give examples.
- What are the problems and opportunities facing the California milk industry in the next five years? How should the two marketing orders operate to address these problems and opportunities?

All milk producers, processors and other interested parties are encouraged to attend and participate in this public hearing. Additional copies of this notice are available from CDFA upon request, and this hearing notice may be viewed at www.cdfa.ca.gov/mkt/mkt. If you have questions regarding this hearing or either of the two milk marketing orders, please call Stan Andre, CEO of the Marketing Order for Market Milk and the Marketing Order for Manufacturing Milk, at 400 Oyster Point Boulevard, South San Francisco, 94080, at his telephone number, which is (650) 871-6455 or call Glenn Yost with the Marketing Branch of CDFA at the telephone number listed at the bottom of page one of this Notice.

Sincerely,

A handwritten signature in black ink that reads "Robert Maxie". The signature is written in a cursive, slightly slanted style.

Robert Maxie, Chief
Marketing Branch