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## California

### Florida's citrus hit from Irma unlikely to impact Calif. growers

### Consumers may see more imported juice, official says

By **TIM HEARDEN**  
Capital Press

EXETER, Calif. — The further devastation of Florida's citrus industry by Hurricane Irma might increase prices for California fruit that's diverted to juice, but its overall impact will be minimal, an industry insider says.

That's because the prices growers in the Golden State receive for their fresh oranges, lemons and other citrus are already much higher than those paid for fruit headed to the juicer, said Bob Blakely, vice president of California Citrus Mutual.

Fresh citrus nets the grower between \$17 and \$20 for each 40-pound carton, while oranges diverted to juice get about \$185 a ton, which equates to about \$3.70 for 40 pounds, Blakely said.

"The juice price is doing better than it used to," he said. "We used to say if we could get back our picking and hauling costs, we've done well."

In a given year, 10 to 20 percent of navels, Valencia and other citrus fruit from California groves is deemed unfit for the fresh market because of blemishes and set aside for juice, which enables the grower to recoup at least some return for the rejected fruit.

But Florida's industry is centered on juice, as its climate is conducive to high sugar content and high quality juice fruit that California couldn't match, Blakely said.

Hurricane Irma earlier this month caused major tree damage, including uprooted trees across the middle of Florida and in its southwest corner, where some growers lost nearly all their fruit, according to industry officials.

The devastation from the deadly tree disease Huanglongbing has already caused Florida to fall behind California in total citrus production for the first time in decades. Florida's 454,973 citrus acres is the lowest since at least 1966, according to the National Agricultural Statistics Service.

Florida's citrus production in 2016-17 was 78.1 million 90-pound boxes, down 17 percent from the previous season's 94.3 million boxes, NASS reported. With harvests there set to begin in November, yields promise to be much lighter than the industry had expected.

"It's just unfortunate," Blakely said. "They already had a short crop because of HLB, then they get this hurricane. I'm hearing reports that ... 40 percent of the entire crop was lost to the hurricane."

The futures market for juice has gone up, continuing a trend of higher juice prices over the last several years amid shorter supplies in Florida, Blakely said.

But Florida's woes won't prompt more California growers to begin juicing, nor will it likely entice Florida producers or processors to come West, he said.

"Our regulatory costs and costs of production are just too high," he said.

"We're a fresh market industry and that's not going to affect our growers' decision-making at all. There are different countries that will supply that juice before California does."

"What we're probably going to see is more imported orange juice before we see any other juice produced in the United States," he said.

# CDFFA approves dairy quota plan

Farmers soon will be asked to vote on proposal, which is similar to state's current system

By **CAROL RYAN DUMAS**  
Capital Press

California dairy farmers will soon vote on a stand-alone quota program to be administered by the state if they also vote to join the federal milk marketing order system.

The state's secretary of agriculture on Monday approved the program as recommended by the producer review board tasked with developing a plan.

Ballots on the quota plan will be mailed to eligible producers in the first two weeks of October. Producers have 60 days to vote and return their ballots.

Results will be published after the referendum is certified.

The plan will pass if 65 percent of producers representing 51 percent of the milk or 51 percent of producers representing 65 percent of the milk vote yes.

The Quota Implementation Plan would continue the long-standing, producer-funded program that now

operates within the state's marketing order. Producers have been adamant that the quota value must be maintained if they join the federal order system.

Quota programs don't exist in the federal order system, but a provision in the last farm bill and USDA will allow the state to administer its program outside the federal system.

California's quota system came about in the late 1960s as a means of compensating milk producers selling into the higher Class I market and gain their support for establishing a state marketing order.

The program was used to pool milk and distribute payments more evenly to producers of milk across all utilizations.

It pays quota certificate holders \$1.70 per hundredweight above the state blend price for the amount of milk covered by their certificate.

Those certificates are worth \$1.2 billion and can be transferred or sold.

Maintaining quota value is a critical piece in the process of establishing a federal order for California, said Lynne McBride, executive director of the California Dairy Campaign.

Quota is unique to California and important to producers, she said, adding that the CDC commends

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the producer review board for its open, transparent and participatory process in developing a stand-alone program that would continue to operate.

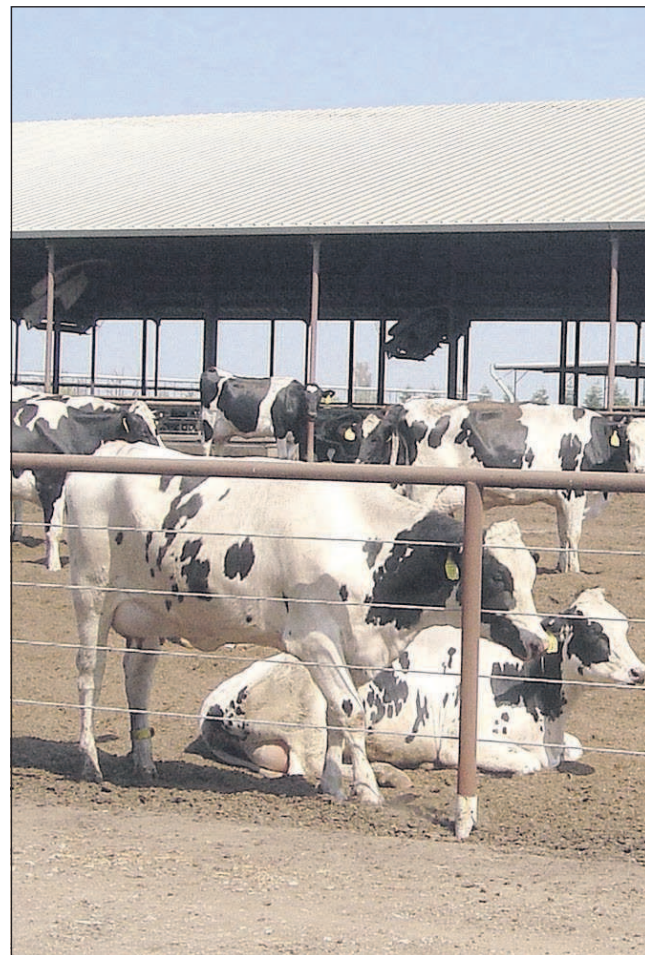
"We see this as a really important step toward a federal order. We're definitely urging California producers to vote 'yes' on this," she said.

The program would continue to be operated by the state, and quota will still be transferable, able to be bought and sold and pay a premium, said Geoff Vanden Heuvel, a Chino dairy producer and Milk Producers Council board member and economic consultant.

"I think the producer review board did a really good job. Their task was to protect the value of quota, and I think they accomplished that," he said.

All grade A milk produced in the state will be assessed at an estimated 35 to 37 cents per hundredweight to generate about \$12 million a month needed to fund the quotas, he said.

The plan, which will now go to a producer vote, is much the same as the current program.



Capital Press File

Cows lounge at VanderWoude Dairy near Merced, Calif. Dairy farmers will soon vote on a plan to maintain the California quota system even if they switch to a federal milk marketing order.

The major difference is that producers will be directly assessed and see a deduction on their milk check.

The current program is funded by the milk pool and producers are not

directly assessed.

The other significant change is that the state's four producer handlers will now be assessed on milk that has been exempt from the milk pool.

## Associations provide recall liability insurance for produce growers

IRVINE, Calif. — United Fresh Produce Association and Western Growers are offering what they say is the first-of-its-kind recall liability insurance.

Under terms of a marketing agreement, United Fresh will exclusively endorse and promote Western Growers Shield, proprietary insurance encompassing property, contamination, recall, liability and non-physical

damage loss of income.

Tom Stenzel, United Fresh president and CEO, said the program is an innovative solution to a critical bottom line issue facing its members and that Washington, D.C.-based United Fresh looks forward to bringing the program to every segment of the fresh produce supply chain.

"United Fresh and Western Growers have a long history of working

together to promote the competitiveness and profitability of the fresh produce industry," said Tom Nassif, Western Growers president and CEO.

United Fresh reaches into states not served by Western Growers, he said. The associations are working on other proprietary solutions for the industry, he said.

United Fresh, founded in 1904, represents every segment of the fresh

produce supply chain, including growers, shippers, processors, wholesalers, distributors and retailers.

Western Growers, founded in 1926, represents fresh produce growers in Arizona, California, Colorado and New Mexico. Members provide half the nation's fresh fruits, vegetables and tree nuts, including half of the organic produce.

— Dan Wheat



California Department of Water Resources

The Delta Cross Channel, between the towns of Locke and Walnut Grove. California water officials plan to restore the Sacramento-San Joaquin Delta, in part by building two 30-mile underground tunnels to ensure stable water delivery to millions of Californians, but that plan faces opposition.

## New fight breaks out in California water wars

By **SCOTT SMITH AND ELLEN KNICKMEYER**  
Associated Press

FRESNO, Calif. — In California's long-raging water wars, pitting north against south and farmer against city dweller, the one thing everybody agreed on Sept. 20 was that the outdated method of shipping water throughout the state needs a serious upgrade.

A group of influential California farmers shook up the debate Sept. 19, backing out of Gov. Jerry Brown's \$16 billion plan to build two massive water tunnels, re-engineering the delivery system. Westlands Water District in Fresno said it was too expensive and came with too few guarantees.

Brown's administration, however, gave no sign of giving up. Other key water districts serving vast farmland in the most productive agricultural state and millions of residents still have to weigh in, including the Metropolitan Water District of Southern California.

"I don't think a 'no' vote is the end of the story," said Metropolitan's general manager, Jeffrey Kightlinger. "We don't live in a world where we can just turn off

the projects and walk away."

The proposed 30-mile-long tunnels, however, can't survive as it's drawn up now without "big players," such as Westlands, said Kightlinger.

Current plans call for building twin tunnels east of San Francisco to deliver water from the Sacramento River to farms and cities hundreds of miles away in central and southern California.

Backers say the tunnels will stabilize flows, save endangered fish species and ensure a reliable water supply. However, critics say it will be used to drain Northern California dry and further harm native fish.

It is California's most ambitious water project in more than 50 years, when state and federal officials launched a campaign to win support for building the current system of reservoirs, pumping stations and canals.

Westlands farmers last week became the first of several large water districts to vote, pulling out after having spent millions over more than a decade on drawing up plans and calculating costs.



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