



February 3, 2012

On January 31st State Controller John Chiang sent a [letter](#) to the chairmen of the Senate and Assembly Budget Committees informing them that the state will run out of cash by early March if swift action is not taken to find \$3.3 billion through payment delays and borrowing. State revenues are coming in \$2.6 billion below the projections in the current year's budget while state expenditures are \$2.6 billion higher than assumed. Together, these numbers "translate into a \$5.2 billion reduction in cash resources," due mainly to overly-optimistic assumptions coupled with the difficulty in projecting revenues during times of economic uncertainty and high market volatility. The Controller projects that the "liquidity shortfall" will persist for seven weeks from February 29th to April 13th and he acknowledged that his suggested solution relies on still more borrowing, payment delays and deferrals but he believes it is the best way to manage the challenge without relying on IOUs or delaying tax refunds actions that can disrupt the delivery of essential public services and slow California's economic recovery.

SB 455 (Fran Pavley, D- Agoura Hills), which would create a voluntary watershed timber harvest permit (WTHP), passed out of the Senate this week. A WTHP would allow timberland owners to obtain 20-year permits to harvest their lands in return for maintaining their lands in timber production and managing them in a way to increase carbon sequestration. The bill is a work in progress and discussions will continue between the sponsors of the bill, The Nature Conservancy and Pacific Forest Trust, the forest products industry and environmental opponents.

In addition to the issues to be negotiated with regard to a WTHP, the bill also includes a requirement for mitigation for carbon losses from timberland conversions greater than one acre. Farm Bureau has expressed concerns over this new requirement and has asked for the conversion permitting requirements to be consistent with the existing requirement to obtain a timberland conversion permit for conversions of three acres or above. The bill passed out of the Senate with a vote of 21-3 and now moves to the Assembly.

At its Feb. 1 meeting, the Agricultural Labor Relations Board adopted regulations to implement Senate Bill 126 (Darrell Steinberg, D-Sacramento), approving them as proposed with only minor changes suggested by ALRB legal staff. SB 126 provides that if the ALRB sets aside a unionization election due to employer misconduct that affected the election's results, the ALRB must nonetheless certify the union to represent the employer's agricultural employees if the employer's misconduct "would render slight the chances of a new election reflecting the free and fair choice of employees." Farm Bureau associate counsel Carl Borden, who had testified on behalf of CFBF and other agricultural stakeholders at an earlier ALRB hearing on the matter, attended the meeting. All and all, the rules adopted were acceptable and do provide the adequate due process that Farm Bureau and other agricultural organizations had wanted included in the enabling legislation.

The regulations will be submitted to the Office of Administrative Law, which has 30 working days to approve or reject them. The ALRB will request that the regulations, if approved, go into effect upon their filing with the Secretary of State.

CFBF and 20 other organizations representing agricultural employers submitted comments on the proposed regulations.

Central Coast Regional Water Quality Control Board Conditional Agricultural Waiver Workshop. The Board held a workshop this week to assist newly appointed board members in gaining an understanding of the Conditional Agricultural Waiver renewal proposal currently before the board. The proposal will be considered for adoption as early as next month.

The Board heard testimony from stakeholders for seven hours in Salinas on February 1st. Regional board staff gave an overview of their proposal as well as their view of the problem. Representatives from the offices of Congressman Farr, Senator Blakeslee and Assemblyman Alejo provided testimony and voiced concern about the board's approach and process to date.

An agricultural panel that included Farm Bureau presented a voluntary coalition model to accompany and strengthen the detailed agricultural proposal submitted to the Board in December 2010. The model was developed by agriculture interests and Dr. Marc Los Huertos with CSU Monterey. California Farm Bureau and the seven county Farm Bureaus in the region worked with other agricultural organizations to develop the 2010 agricultural proposal. The workshop concluded in the evening after individuals from the local community, farmers, Monterey County Farm Bureau, Western Growers, the California Strawberry Commission and others gave public comment. The current Conditional Agricultural Waiver expires in September.

Governor Brown announced various appointments this week, a couple of which are of interest to agriculture. The Governor appointed, Brian Leahy, 55, of Sacramento, to serve as director at the California Department of Pesticide Regulation. Leahy has served as assistant director for the California Department of Conservation (DOC) since 2006. He was a partner at EcoFacilitation in the Netherlands in 2006, and served as executive director for the California Association of Resource Conservation Districts from 2004 to 2006. He was executive director at the California Certified Organic Farmers from 2000 to 2004. Leahy was owner and operator of Cherokee Ranch Inc. from 1980 to 2003 and also a farm operator for Ackerlund Farm Incorporated from 1992 to 1993. Leahy earned a Juris Doctorate degree from Creighton University School of Law. Farm Bureau has worked closely with Leahy on issues related to the Williamson Act during his tenure at DOC. This position requires Senate confirmation.

The Governor also announced the appointment of Lawrence Yee, 63, to serve on the Los Angeles Regional Water Quality Control Board. Yee held a variety of positions at the University of California Cooperative Extension from 1975 to 2008, including director of the University of California Cooperative Extension in Ventura County from 1986 to 2008. He was director of the University of California Hansen Trust established to sustain Ventura County agriculture through research and education, from 1993 to 2008. Yee received a Master of Business Administration degree from the Santa Clara University. This position also requires Senate confirmation.