



CALIFORNIA RICE COMMISSION | 2019 ANNUAL REPORT

SAFEGUARDING OUR INDUSTRY



SAFEGUARDING OUR INDUSTRY

CALIFORNIA

The family ranch had sheep long before it had wine grapes. Ann's great grandfather started running them soon after he purchased the place in 1908. While we never had a guard dog for the flock, I have often admired those kept by Dan Macon at Flying Mule Farms and others.

In many ways, I see the role of the Commission much the same as the Pyrenees guarding the flock. Keeping things safe and helping ensure the continued production and milling of rice.

This year has seen a lot of guarding. Water quality programs managed by the Commission on behalf of the industry ensure that rice farming does not impact water quality in the rivers or in ground water.

Home to millions of migratory waterfowl and nursery to juvenile fish, conservation programs have been expanded to bring even more value from working rice-lands in a state bereft of its once-abundant wetlands.

We work hard to connect with our urban neighbors, educating them on where their sushi rice comes from, why water used on rice provides not only food but also much-needed wildlife habitat.

SAFEGUARDING INCLUDES CURRENT AND EMERGING ISSUES ALIKE.

On the crop side, we continue to work closely with registrants and the Rice Experiment Station to ensure

that California growers have tools to control armyworm and realize the hope of new variety and herbicide systems not seen in California.

Not to be left out of the mix is our focus on trade policy, farm policy and state legislation that sets the backdrop for our industry.

Of course, none of this would be possible without the support of the growers and handlers. The Commission concluded its annual five-year referendum this year, with the highest vote to continue the organization in its history – 100 percent of handlers and 96 percent of growers voting to continue the activities of the organization for another five years.

So, we sit on the hill and safeguard the industry. Not just from the threats we can see but also from those just emerging on the horizon. Thank you for the opportunity to continue to serve such an outstanding industry.



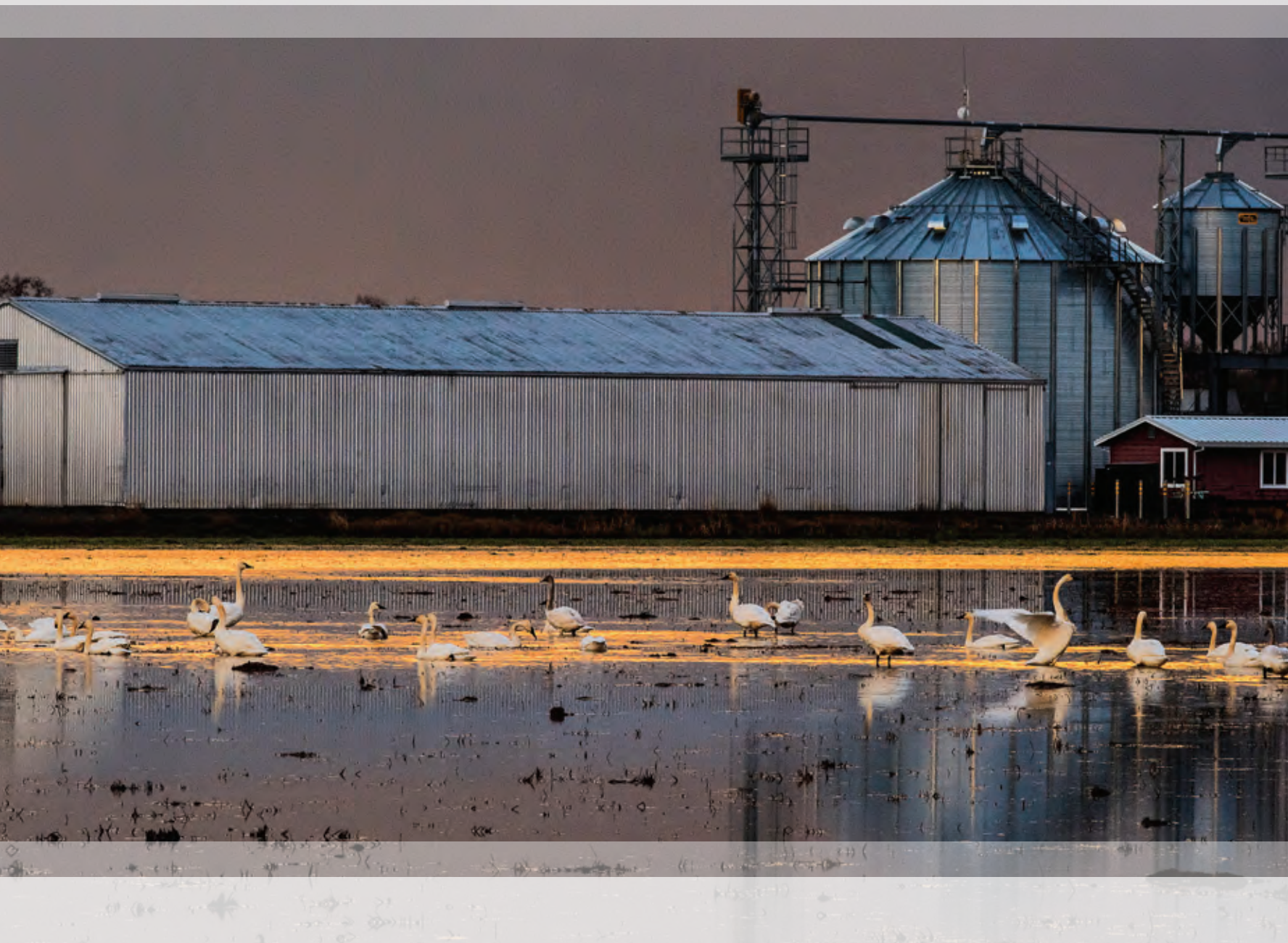
A blue ink signature of Tim Johnson, written in a cursive style.

TIM JOHNSON

President & CEO,
California Rice Commission



RICE



WATER QUALITY

FORTY years ago, safeguards to the rice industry began with development of water quality programs. Our water quality program began with rice specific pesticides. As the regulation grew to include all agricultural discharges, we built from our foundation a commodity specific program.

We continue to manage a rice specific product through the Rice Pesticide Program. The Rice Waste Discharge Requirements (Rice WDR) Order is commodity specific for the rice grown in the basin north of Sacramento.

THE RICE WDR PROVIDES:

- Analysis of surface water drainage
- Groundwater analysis under rice fields
- Knowledge and assessment of the nitrogen cycle in rice fields
- Evaluation of all pesticides applied to rice

Our industry was able to drive the direction of our commodity specific programs for water quality. Rice farmers benefit from the least restrictive requirements by supporting technically defensible data evaluations preceding program development. The resulting Rice WDR has a low vulnerability designation for impacts on the environment.

GROWERS PROVIDE:

- Drinking Water Well Monitoring
- Farm Evaluation every five years
- Nitrogen Management Plan every five years

Note: the five-year cycle applies to all WDR Orders

CRC PROVIDES:

- Grower per-acre fees
- Groundwater Assessment Report every five years
- Groundwater Trend Monitoring Work Plan
- Surface Water Trend Monitoring Work Plan every three years
- Pesticide Evaluation every five years
- Farm Evaluation Summary Report every five years
- Annual Monitoring Report
- Analysis of all water monitoring parameters

The rice industry leaders recognize safeguards result from an organizational approach to proactively addressing problems and utilizing experience as a means to steward programs.



**SAFEGUARDS COME FROM EXPERIENCE
AND PROACTIVE PROBLEM SOLVING.**



CROP PROTECTION

WE call it stewardship. The U.S. Environmental Protection Agency says mitigation. The Central Valley Water Board refers to it as management. All three terms provide safeguards in effectively managing crop protection tools. Over the years, the rice industry has a proven track record of effectively stewarding our products to mitigate negative effects and provide proven management practices.

SAFEGUARDING THE CROP INVOLVES:

- Flexibility in addressing immediate pest problems
- Creativity in utilizing existing programs for solutions
- Communicating cultural practices to stakeholders
- Expanding relationships for collaboration
- Knowledge of the process requiring years of data development
- Patience with the regulatory process timelines

Weeds are the major pest on California rice. In recent years the armyworm has become a significant pest requiring annual Intrepid treatments. Coordinating with the IR-4 Project, we are working to facilitate the registration of two products for armyworm control. Rice growers need more options with varying modes of action to complement an effective integrated pest management program.

We often comment that rice growers need more and different in the selection of pest control options. One project is the ROXY™ Rice Production System where the Rice Experiment Station is using the novel approach of developing newer uses for a registered product. The registration will extend the label usage to rice with the CRC facilitating in the process.

Communication becomes essential in explaining the pest management challenges. Our work with Farm Advisors at Cooperative Extension, the University of California at Davis experts/researchers,

the Rice Research Board, and the Rice Experiment Station, the Department

WE HAVE A PROVEN TRACK RECORD OF EFFECTIVE PRODUCT STEWARDSHIP.

of Pesticide Regulation and the U.S. Environmental Protection Agency/ Office of Pesticide Programs, pesticide registrants, pest control advisers, county agricultural commissioners, and rice growers is the network to providing safeguards to the rice industry.





AIR QUALITY AND ENERGY ACTIVITIES

WE experienced a modest level of activity in this work area, with bigger issues related to our diesel truck and tractor usage having been addressed in prior years. Additionally, incentive funding increases for diesel upgrades in the Sacramento Valley were achieved in 2018, helping to relieve some of the regulatory pressure.

We worked with UC Cooperative Extension to assess the levels of rice

diseases controlled by burning. This is part of our five-year assessment required by the Conditional Rice Straw Burning Program due by 2020, in order for there to be another five years of countywide approvals for rice straw burning through 2024.

We kept a close eye on biomass issues in light of recent changes to Wadham's long-term, state-sponsored biomass power contracts that have been in place for decades. We supported biomass

industry coalition efforts in the Legislature and Administration, but no real solution coalesced in 2019. More recently, we connected Wadham and Sacramento

INCENTIVE FUNDING INCREASES FOR DIESEL UPDATES PROVIDED HELP.

Municipal Utility District executives to evaluate any possible mutual benefit of a partnership between them.

CONSERVATION PROGRAMS

IN 2019, we wound down a significant bird habitat conservation program while also ramping up a new pilot project on salmon. We also initiated plans to expand and transform our bird programs into a new suite of future program options. The expansion of our conservation work was headlined by hiring Luke Matthews to fill the new Wildlife Programs Manager position at the CRC.

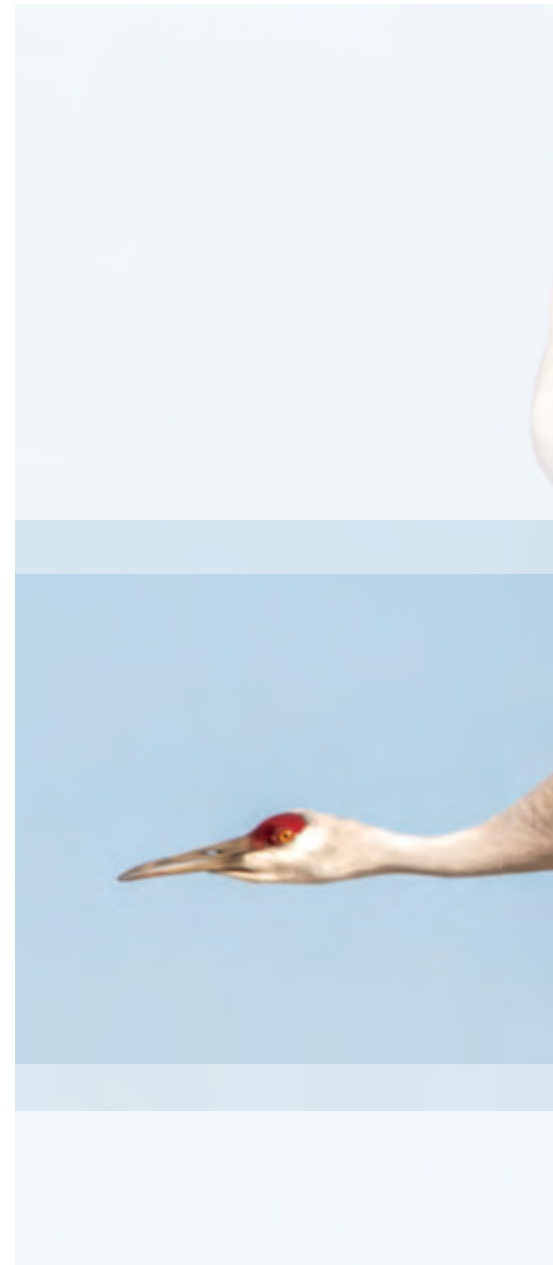
The first year of our pilot project on Ricelands Salmon Habitat Project with UC Davis and California Trout had flooding challenges, but we were able to deploy 30,000 tagged salmon into a winter flooded rice field and perform a complex

acoustic telemetry study involving over 800 fish to better understand survivorship.

The Regional Conservation Partnership Program (RCPP), that has significantly funded our bird conservation programs since 2015, came to a close this year. The successful deployment of this program was made possible by our longstanding

OUR PILOT PROJECT WITH SALMON DEPLOYED 30,000 TAGGED FISH INTO A WINTER FLOODED FIELD.

partnership with the Natural Resources Conservation Service (NRCS) and used \$7 million to enhance nearly 125,000 acres of ricelands for waterbirds. Taking advantage of favorable changes to RCPP





from our previous Farm Bill work that should allow for longer-term contracts, we plan to submit our next multi-million dollar RCPP request late in 2019.

The passage of our 2018 winter flooding bill (AB 2348; Aguiar-Curry) kick-started a new era of partnership with the California Department of Fish and Wildlife. We now have contracts in place to support winter flooding and we sponsored another Aguiar-Curry bill this year (AB 256) to

WE ARE WORKING TO EXPAND BIRD PROGRAMS AND RAMPING UP OUR SALMON CONSERVATION WORK.

make improvements to the program. This bill was signed by the Governor in October.

As part of our efforts to expand contributions to our California Ricelands Waterbird Foundation (Foundation), we increased our focus on the Foundation's website, social media presence and fundraising capacity. We applied for a \$1.5 million NRCS grant that would

devote federal funds for professional fundraising assistance and more investment into conservation practices that will, for the first time, be directly administered by the Foundation and the CRC. We began informing growers and getting contracting documents in place in 2019 and the first round of Foundation contracts will be launched in early 2020.

PUBLIC EDUCATION

AS communication methods continue to evolve, we are adapting along with them. We safeguard our industry through social media, media engagement and creative advertising. The past year proved eventful, including expanding audiences, adjusting messaging and the launch of our podcast.

HIGHLIGHTS IN PUBLIC EDUCATION INCLUDED:

- Record Twitter reach of 1.6 million impressions, up 45 percent from the prior fiscal year. Website hits rose 10 percent.
- Media Outlets directly used our photo and video reports 54 times, while we handled 126 inquiries from the press.
- The launch of *Ingrained*, the California Rice Podcast, which provides in-depth coverage of key issues in an appealing way for Legislators, regulators, decision makers and the media.
- Rice field painting completed by popular and influential artist, Tim Collom, then utilized as part of our Legislative Day program.
- Near-record attendance and strong media coverage of our Legislative Day reception, emceed by KCRA TV's Tamara Berg. Assembly Member Devon Mathis won the coveted framed Samurai Sword during the Legislative Sushi Rolling.
- Carried out our seventh full year of advertising with the *Armstrong & Getty Radio Show*, with several additional shoots, including their visit to our pilot salmon project. Additional advertising included the inside front cover of the *Capitol Weekly* Top 100 issue.
- Rice cooking demonstration at Sacramento's popular Farm to Fork Festival, including recipe cards and help from emcee Madison Meyer of ABC10 TV.
- Refined our messaging with implementation of *Twice the Benefits*, centering on the vital role our industry plays in providing food and environmental benefits.





**SOCIAL MEDIA, MEDIA ENGAGEMENT, ADVOCACY
AND CREATIVE EVENTS HELP US REACH MILLIONS
OF PEOPLE WITH WHY CALIFORNIA RICE MATTERS.**

EMERGING ISSUES

AS we look forward, there are a number of challenges and opportunities facing rice. The following is a summary of the issues and how we are positioning rice to be successful.

FOCUS ON FARMING SYSTEMS

The Newsom Administration is very focused on agriculture and practices that can be employed to fight climate change and enhance wildlife habitat. They are looking to make a major announcement on the number of agricultural acres in the state that are committed to implementing practices to sequester carbon. As an aquatic crop, rice will focus on the habitat benefits of ricelands to waterbirds and, increasingly, salmon.

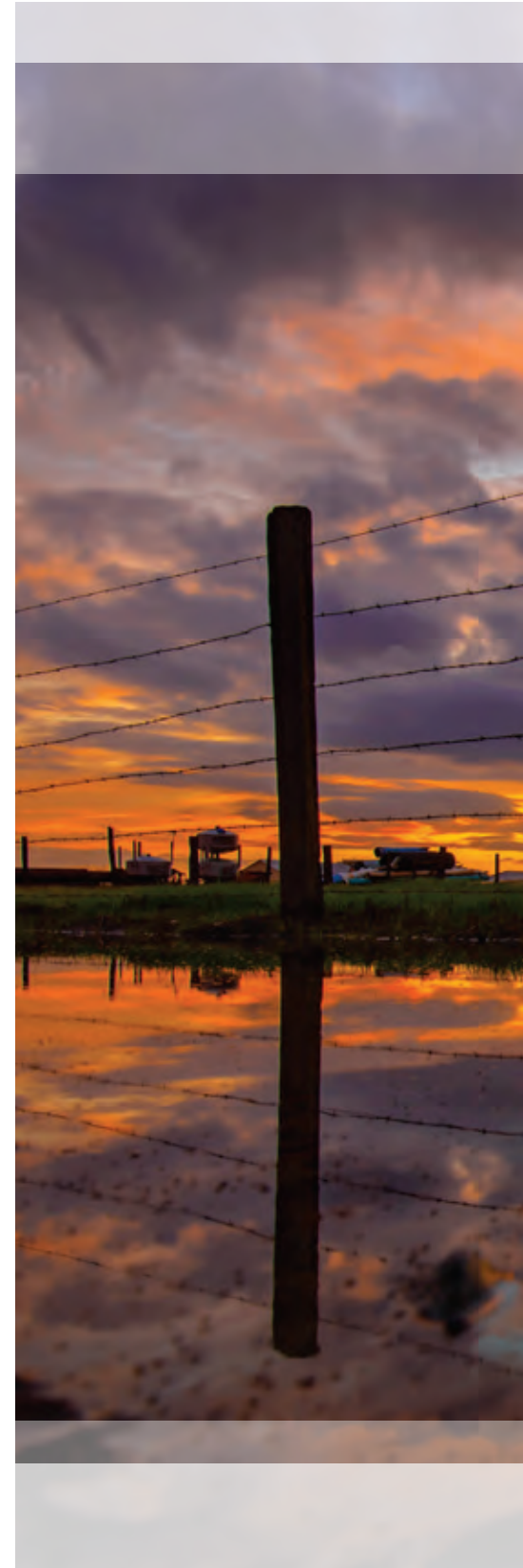


OPPORTUNITIES ON IDLED ACRES

Idled rice acres, whether part of water transfers or the voluntary agreements, provide a great opportunity to expand our habitat offerings to include upland nesting habitat. The catch to these programs has been determining how much water needs to be allocated to grow a cover crop. Thanks to research approved by the Rice Research Board, we are working to answer that question, so we can work with water districts and landowners to develop a program that benefits wildlife on idled rice acres.

NITRATE AND SALTS

As the state looks to tightly regulate the discharge of nitrate to groundwater through CV-Salts, we must also evaluate the impact of farming practices on salt loading. Science tells us that nitrate discharges from rice are very limited due to the anaerobic conditions and heavy clay soils. We are combining efforts with those in agriculture throughout the Central Valley to understand the accumulation and movement of salt. We will participate in a 10-year study to understand the best ways to reduce impacts and address removing salt from the system.





ADVOCACY

FOR successful advocacy, two elements are required to be effective. The first is relationships. As simple as it sounds, we fare better when those that make laws and develop regulations know the people who farm the ground and ship the rice. With relationships in place, the next step is to make a compelling, fact-based case that is fair and reasonable. An emphasis on these two tenants have once again proven to be successful for California rice.

STATE

On the legislative front, our efforts focused on three bills this session. SB 200 was a joint effort with agriculture and the Environmental Justice community

to secure \$130 million annually in funding for drinking water in communities impacted by nitrate, arsenic and other contaminants. The bill concluded three years of collaborative work. We also provided significant input on SB 1 as it was debated, raising the concern of the impacts on the Voluntary Agreements. Finally, we were able to secure changes to the Winter Flooding bill from last year working with Assembly Member Aguiar-Curry on AB 256, making use of the funds easier for growers.

On the regulatory front, we were successful in securing a 17 percent

reduction in the fee for the Rice WDR, wrapping up three years of work to make sure the fee paid accurately

WE SAFEGUARD OUR INDUSTRY BY ESTABLISHING RELATIONSHIPS IN SACRAMENTO AND WASHINGTON, D.C.

reflected the low water quality impact from rice. We also weighed in heavily as the State Water Resources Control Board developed a new definition of wetlands that could have significantly impacted rice and the conversion of rice to other crops. We were pleased with the outcome that left rice unharmed by the new definition. Finally, this year





saw the successful passage of CV-Salts at the regional level. This basin plan amendment will guide how we manage the impacts of nitrate and salt from agricultural operations in the Central Valley for the next generation.

FEDERAL

Conservation programs, implementation of the farm bill, and—most of all—trade were on the list for Washington D.C.

Leadership and staff made numerous trips to Washington to make sure Farm Bill implementation was rapid and reflected the bill passed by Congress. We also worked hard in an effort to make sure there was no gap in conservation program funding for the Regional Conservation Partnership Program (RCPP).

With the focus on tariffs, U.S. Mexico Free Trade Agreement and a bilateral

trade agreement with Japan all in the mix this year, trade was a primary topic of discussions in Washington. While there is more work to do, our issues are well understood by those with a seat at the table. Success will come from continued engagement and reasonable positions.

TRADE

A number of key trade agreements were the focus of our efforts this year.

USMCA

The U.S. Mexico Free Trade Agreement (USMCA) is critical to the U.S. rice industry. California ships significant rice to Canada's west and east coasts for food service and retail trade. Perhaps of greater importance is the value of the market to the Southern rice industry, with Mexico the largest destination for U.S. rice. We continue to support the need for the agreement to be introduced into Congress and for it to pass both houses well before the 2020 presidential elections.

U.S.-JAPAN BILATERAL AGREEMENT

With the U.S. withdrawing from the Trans-Pacific Partnership (TPP), a bilateral trade agreement for agriculture including rice is paramount. Our focus has been on increased access to the Japanese consumer, coupled with expansion on U.S. rice tonnage. We tirelessly made our case to the Administration and members of Congress this last year. With the first round of the bilateral moving forward, we are confident that rice, always a difficult topic, will be included in the next round of discussions.

KOREA CSQ

Working closely with USA Rice over the last three years, we were pleased that Korea announced Country Specific Quotas for U.S. rice late this year. Allocation of 132,000 metric tons of rice to the U.S. solidifies annual purchases, provides clear dispute resolution and, importantly, access to the Korean consumer.

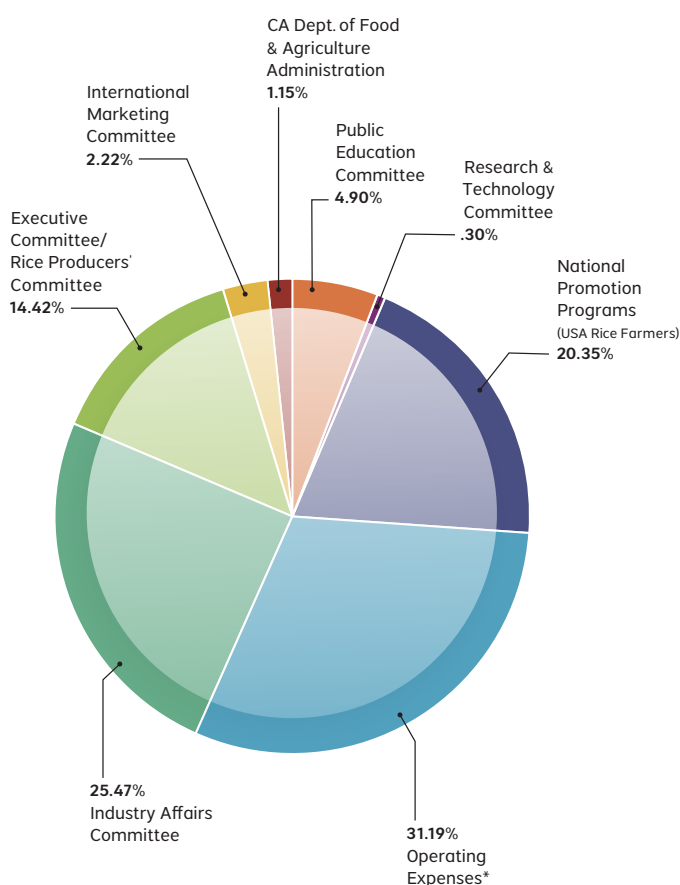
PROMOTION

We continue to partner with USA Rice and its contractors, funding additional Calrose promotions in Japan and Turkey that would otherwise not be possible. Activities this year included a comprehensive print effort in Turkey with ProMedia and in-store demos and recipe contests in Japan.



FINANCIALS

FISCAL YEAR 2018/19 TOTAL BUDGET—\$6,123,015



*NOTE: Chart represents direct spending by category; operating expense not allocated to programs. Audited financial statements available upon request. As of 12/9/19 "draft" numbers

For the years ended August 31, 2018 and 2019

STATEMENT OF FINANCIAL POSITION

	2019	2018
ASSETS		
Cash & Investments	\$4,983,651	\$3,195,843
Receivables	401,484	243,033
Prepaid Expense	26,808	20,575
Deferred Program Expense	0	0
Equipment	40,540	48,330
TOTAL ASSETS	\$5,452,483	\$3,507,781
LIABILITIES		
Accounts Payable	\$330,666	\$257,792
Contracts Payable	145,043	97,476
Notes Payable	0	0
Deferred Program Revenue	254,308	0
Accrued Expenses	56,686	67,186
NET ASSETS, UNRESTRICTED	\$4,665,780	\$3,085,327
TOTAL LIABILITIES & NET ASSETS	\$5,452,483	\$3,507,781

STATEMENT OF ACTIVITIES

	2019	2018
Revenue	\$7,320,426	\$6,091,313
Promotion & Regulatory Expense	3,884,085	4,396,639
Operating Expense	1,790,247	1,661,888
CDFA Departmental Expense	65,873	65,932
Change in Unrestricted Net Assets	1,580,221	(33,146)
Unrestricted Net Assets BEGINNING OF YEAR	3,085,327	3,118,473
Unrestricted Net Assets END OF YEAR	\$4,665,548	\$3,085,327

2018-2019 COMMITTEES

EXECUTIVE

Sean Doherty, Chair
Rick Rhody, Vice Chair
Logan Wilson, Treasurer
Josh Sheppard, Secretary
Drew Becker
Tom Butler
Jennifer Kalfsbeek
Imran Khan

BUDGET AND FINANCE

Logan Wilson, Chair
Joe Azevedo
Chris Crutchfield
Pat Daddow
Correen Davis
Bill Helms
Stuart Hoetger
Mark Kimmelshue
Dave Myers
Rick Rhody
Dan Squires
Steve Sutter
Gregory Van Dyke
Mark Hullinger (A)
Shan Staka (A)

CA RICE PRODUCERS

Nicole Van Vleck, Chair
Tom Butler
Keith Davis
Mike DeWit
Seth Fiack
Kim Gallagher
Imran Khan
Mark Kimmelshue
Jim LaGrande
Leo LaGrande
Charley Mathews
Michael Rue
Steve Rystrom
Josh Sheppard
Alex Struckmeyer
Don Traynham
Gregory Van Dyke
Bill Wallace
Sean Doherty (A)
Bert Manuel (A)
Olivia Manuel (A)

INDUSTRY AFFAIRS

Mike DeWit, Chair
Drew Becker
Tom Butler
Correen Davis
Keith Davis
Kim Gallagher
Carl Hoff
Mark Kimmelshue
Jim LaGrande
Brice Lauppe
Brian McKenzie
Jon Munger
Damon Roush
Josh Sheppard
Alex Struckmeyer
Sandy Willard-Denn
Don Bransford (A)
Michael Kuppenbender (A)

INTERNATIONAL

Michael Rue, Chair
Derek Alarcon
Alex Balafoutis
Brian Barrett
Kurt Barrett
Drew Becker
Chris Crutchfield
Pat Daddow
John Gardias
Bill Helms
Stuart Hoetger
Imran Khan
Mark Kimmelshue
David Lohman
Rick Rhody
Alex Struckmeyer
Gregory Van Dyke
Steve Vargas
Jeremy Zwinger
Joe Borrayo (A)
Correen Davis (A)
Jennifer Kalfsbeek (A)
Olivia Manuel (A)
Charley Mathews (A)
Steven Michel (A)
Erin O'Donnell (A)
Dan Squires (A)
Bob Watts (A)
Logan Wilson (A)

PUBLIC EDUCATION

Chris Crutchfield, Chair
Michael Bosworth, Vice Chair
Adam McCalister
David Perry
Kurt Richter
Zach Urrutia
Nicole Van Vleck
Bill Wallace
Logan Wilson
Jeremy Zwinger
Brett LaGrande (A)
Kent Wiley (A)

RESEARCH & TECHNOLOGY

Brice Lauppe, Chair
Matt Alonso
Alex Balafoutis
Adam Boles
Joe Borrayo
Sean Doherty
Joe Kepiro
Mark Kimmelshue
Kent McKenzie
Jon Munger
Jose Rodriguez
Bill Wallace
Sandy Willard-Denn
Brian McKenzie (A)
Alex Struckmeyer (A)

(A) Alternate

CALIFORNIA RICE COMMISSION

Tim Johnson, President & CEO

Laura Blickle, Office Administrator & Accountant

Paul Buttner, Manager of Environmental Affairs

Kim DeVincenzi, Finance & Administration Manager

Roberta Firoved, Industry Affairs Manager

Luke Matthews, Wildlife Programs Manager

Jim Morris, Communications Manager



1231 I Street, Suite 205
Sacramento, CA 95814-2933
916/387-2264

CalRice.org

Photos by Brian Baer, John Hannon, Leslie Morris and the California Rice Commission.

