



CALIFORNIA RICE COMMISSION | 2020 ANNUAL REPORT



ESSENTIAL

CALIFORNIA RICE

IN MANY WAYS, it is hard to remember what happened the first half of our fiscal year, given the upheaval that is COVID-19. Looking back, our calendars revealed a full plate of harvest tours, trips to Washington, D.C. and meetings to explain the upcoming industry vote on the assessment cap for the Commission.

In March, everything was different, at least in the cities. How different? Well, one of our staff reported seeing a coyote walking down the middle of J Street in Downtown Sacramento. Out in the countryside, it was business as usual, just with masks and a bunch of sanitizer in the tractors. We did find out, however, that government considered us essential!

Growers went on planting the crop. Mills shifted production from 50-pound poly bags to two-pound and five-pound consumer packages. All put in the extra time and effort to meet the demands of the season and the changing demands of the customer. As Ag always does, we got it done.

At the Commission, we shifted from telling the story of rice farming and the environment to educating

the industry about new CDC guidelines and engaging legislators and regulators about the impacts of COVID-19 on our industry. We focused on how farmers and mills were keeping workers safe, while at the same time making huge changes in operations to meet changing demands and supermarket shortages.

We also had a vote on the assessment rate. CDFA stepped up, with many staff working from home, to ensure that ballots were sent to everyone and that we knew when we hit the required number of returned ballots.

Crisis reveals who stands strong in the face of adversity.

Certainly, this year was the case for all of us. In the end, rice growers and millers stood tall, battered perhaps, but certainly still standing. We are pleased that our members found value in the water quality programs provided by the Commission, passing the major amendment to increase the assessment cap by an overwhelming majority.

Through challenges that were never expected, we have weathered this year, proving that rice will always be essential.

CRISIS REVEALS WHO STANDS STRONG IN THE FACE OF ADVERSITY. CERTAINLY, THIS YEAR WAS THE CASE FOR ALL OF US.



Timothy A. Johnson

TIM JOHNSON
President & CEO,
California Rice Commission



Sean V. Doherty

SEAN DOHERTY
Chairman,
California Rice Commission



RICE IS ESSENTIAL

WATER QUALITY

THE IMPETUS TO FORM the California Rice Commission (CRC) twenty years ago was in response to water quality and air quality concerns from the City of Sacramento. Rice leadership understood the need for the industry to organize as an essential force in meeting regulatory challenges.

Coordination between state agencies alleviated concerns whether rice field water drainage had an impact on the Delta. The analysis further identified the monitoring site locations to best evaluate the impact from rice field drainage. The Rice Pesticides Program initially began with

two herbicides and three insecticides, leaving rice as the first crop regulated for water quality way back in 1990.

Fast forward and the Department of Pesticide Regulation turned over management of the Rice Pesticide Program to the CRC in 2003. The same year, the rest of agriculture began forming regional coalitions to comply with water quality regulations for all surface water discharges under the conditional Irrigated Lands Regulatory Program (ILRP).

Our historical knowledge gained with the Rice Pesticide Program was essential developing the structure to meet these new requirements. In 2014, the ILRP became permanent regulation, implemented as the Rice Waste Discharge Requirements (WDR) Order. Rice formed the only commodity specific coalition to best meet the needs of the industry and manage the Rice WDR.

We continue to manage thiobencarb as the remaining herbicide in the Rice Pesticide Program and the Rice WDR Order for the rice grown in the Sacramento Valley. Through our effort and great research at UC Davis, the resulting Rice WDR has a low vulnerability designation for impacts on the environment.

Looking forward, the Central Valley Salinity Alternatives for Long-Term Sustainability (CV-SALTS) program will add implementation guidelines for management of salts and nitrates from farming practices. We continue our involvement to ensure rice is recognized for its low impacts from growing practices. Eventually the CV-SALTS requirements will be amended into the Rice WDR with our goal that growers experience little to no impact.

The structure of the rice water quality programs is essential in maintaining the current farming status and practices.



**COORDINATION BETWEEN STATE AGENCIES
ALLEVIATED CONCERNS WHETHER RICE FIELD
WATER DRAINAGE HAD AN IMPACT ON THE DELTA.**



CROP PROTECTION

CROP PROTECTION MATERIALS CONTINUE to be an essential element of producing high quality and nutritious rice. A significant amount of work goes into pesticide registration, reregistration, maintenance and stewardship, along with creative approaches to seeking new pest control solutions.

Intrepid® 2F (methoxyfenozide) is closer to registration, but we still anticipate a Section 18 emergency exemption in 2021. This was the first California rice petition through the Interregional No. 4 (IR-4) Project for specialty crops. IR-4 develops residue data for minor uses to major crops, and insecticide usage on California rice qualifies. The Intrepid® 2F petition was so successful that we submitted a request for Prevathon® (chlorantaniliprole) as an alternative to Intrepid® 2F. Both Intrepid® 2F and Prevathon® are A Priority IR-4 Projects.

We are in communication with IR-4 about a potential herbicide for weedy rice control. We anticipate providing a successful update in the 2021 CRC Annual Report.

Product stewardship continues to be a tool we utilize for maintaining crop protection materials. Thiobencarb was the first rice pesticide requiring mandatory stewardship, with approximately 700 persons annually in attendance. In July, CRC staff realizing the uncertain future of in person meetings began discussions with companies offering online continuing education to fulfill our stewardship requirement.

The ROXY™ Rice Production System (RPS) is closer to submittal into the pesticide registration process. The CRC provides technical expertise in supporting registration of the ROXY™ RPS developed by the Rice Experiment Station.

Overall, creativity is essential in imagining strategies to develop and maintain crop protection materials.



AIR QUALITY ACTIVITIES

WITH THE EXCEPTION of the Governor's Executive Order on Zero Emission Vehicles, which was released in the fall, it was a fairly calm year on the air quality front for California rice. The most significant item we worked on was to coordinate with the Sacramento Valley Basinwide Air Pollution Control Council to manage the process of getting all rice acres certified as being eligible for burning under the Conditional Rice Straw Burning Program.

This requires an assessment of disease prevalence and a certification by the Sacramento Valley Ag Commissioners every five years. We successfully led this process in 2020 to clear fields for burning through 2025. It is important to point out, however, that growers still need to get burn permits from their Air Pollution Control Districts before fields can be burned, but they are now pre-certified by the Ag Commissioners through 2025.

CONSERVATION

THIS PAST YEAR, the CRC successfully secured nearly \$7 million in new federal funds to maintain and expand our conservation programs. These programs were awarded by the Natural Resources Conservation Service (NRCS) through three major grants.

SALMON PROGRAM

We successfully wrapped up our first \$1.2 million pilot project to study, test and develop conservation strategies to raise baby salmon in winter-flooded rice fields. Our 2020 fieldwork yielded exciting results and should pave the way for CRC and its fish partners to develop methods which utilize rice fields to help struggling salmon populations. Nearly 4.5 percent of our rice field-reared salmon made it to the Golden Gate: over 4 times higher than our control group. Recognizing such significant progress, NRCS has agreed to help fund a \$1.1 million extension of this program. Special thanks to our major funders and to UC Davis and California Trout for their technical work and expertise.



WATERBIRD HABITAT PROGRAMS

The California Department of Fish and Wildlife (CDFW) just completed its second California Winter Rice Habitat Incentive Program solicitation and funded an additional 26,000 acres of winter flooding. We were successful at getting the payment rates increased for both new and existing participants.

A new \$1.5 million Conservation Innovation Grant (CIG) was awarded to CRC to help our California Ricelands Waterbird Foundation (Foundation) expand. It supports three main activities:

1. Professional fundraising assistance and more investment into the Foundation.
2. New modeling tools to enable the Foundation to efficiently select cost effective, high quality habitat projects.
3. The first two years of the Foundation's new habitat program called Bid4Birds.

Information on Foundation programs and sponsorship opportunities can be found at Calricewaterbirds.org.

The CRC secured \$5.5 million in Regional Conservation Partnership Program (RCPP) funding for our bird conservation programs. We will begin enrolling producers into practices in 2021. This new RCPP has three major components:

1. Flooding practices for shorebirds.
2. Cover crops on idle lands for nesting waterfowl habitat.
3. Perennial nesting habitat projects on small non-cropped farm acres.

It's important to highlight that much of this conservation work would not be possible without the continued support from NRCS, CDFW and our many conservation partners. NRCS has generously funded many CRC projects in the past and currently funds our Salmon Project, CIG, and RCPP. The Salmon Project was also supported by a major contribution from Syngenta and generous contributions from the Bechtel Foundation, California Almonds, Valent, Corteva, GrowWest and many other partners.

PUBLIC EDUCATION

THE UNPRECEDENTED WORLD EVENTS changed some elements of our outreach, although we adjusted and reached millions of people with news of how California rice is essential to our state.

HIGHLIGHTS IN PUBLIC EDUCATION INCLUDED:

- The most activity on CalRice.org Website in five years, with 4.7 million hits.
- Media activity rose slightly, with nearly 130 press inquiries and favorable coverage. We saw strong interest in year two of our pilot program raising salmon in rice fields during the winter.
- Producing 13 episodes in our first year of the Ingrained Podcast, which provides more in-depth coverage on California Rice. Response has been favorable, including media pickup.
- Social media channels were largely stable, with some channels slightly lower due to a 10-day posting hiatus during this year's unrest. Twitter and Facebook posts reached more than 3 million people.
- Carried out year nine of our Armstrong & Getty partnership, with total reach of more than two million. Our current contract emphasizes podcast advertising, as well as on-air testimonials.
- Additional advertising on Capital Public Radio, Comstock's Magazine and the Capitol Weekly Top 100 Issue.
- This year's Legislative Day was cancelled due to COVID-19. We did produce and circulate our Rice Dogs II Calendar. Also, a Hardy Harvester painting was completed by artist Jeff Myers, which will be used for 2021 promotion.



OUR ENGAGEMENT AMPLIFIED THE ESSENTIAL ROLE OF CALIFORNIA RICE FOR OUR ENVIRONMENT, ECONOMY AND CUISINE TO MILLIONS OF PEOPLE.

EMERGING ISSUES

WHILE WE WORK EVERY DAY to manage the issues in front of us, some of the most important work we do is looking forward to the issues that will impact us over the next five to ten years. Here are some of what we see headed our way.

ZERO EMISSION TRACTORS

In September, the Governor made a political splash, announcing that 100 percent of California on-road vehicle sales would be zero emission by 2035. What most headlines missed was he also mandated that all tractors and farm equipment would also be zero emission by the same year. While there were 258,000 electric vehicles in the state as of 2018, there were zero large electric tractors.

We believe the technical issues surrounding the horsepower requirements for agricultural equipment are insurmountable. Manufacturers currently don't have any

market-ready machinery for agricultural activities so an entire research and development effort would be needed. The amount of batteries required for a 400-600 HP tractor would be massive and incredibly heavy, which may not be feasible for field operations. In addition, agricultural machinery needs to operate around-the-clock so there would be no time for battery charging.

The fiscal issues are equally large, with the value of current agricultural equipment estimated at \$25 billion.

We will provide leadership as California Ag engages in the political and regulatory process to ensure this requirement does not put Ag out of business.

SALTS

Over the next 10 years, Ag will need to develop a plan to solve one of our most vexing issues – what do we do with the salts that accumulate as a result of irrigation? Rice has joined a group of water quality coalitions, food processors and wastewater treatment facilities to answer that question. The objective will be to maintain good water quality in areas like the Sacramento Valley and improve salinity in ground and surface water in areas of the San Joaquin Valley historically plagued by the problem. The end result will be an industry-directed Basin Plan amendment with regulation through our WDR's.

NESTING COVER

Working with our partners, including NCWA and a variety of conservation organizations, we are launching a nesting cover initiative to develop approaches and the necessary tools to take advantage of acres idled, particularly during drought or water transfers. These acres, usually adjacent to the food, water, and shelter provided by working ricelands, are ideal nesting habitat for ducks and other wildlife. Importantly, it will add another environmental benefit to our résumé.



WE MUST REMAIN DILIGENT ON ISSUES WHICH MAY HAVE MAJOR IMPACTS ON OUR INDUSTRY IN THE LONG TERM.



ADVOCACY

STATE

Our focus at the State Capitol last year was on developing relationships with urban legislators. In March, we hosted a tour for the Women's Legislative Caucus, including a dinner with female leaders in the rice industry. The conversation was broad and included pest control, conservation and water management.

We also supported Thanksgiving events in members' districts, including Autumn Burke in Inglewood, Blanca Rubio in Covina, Connie Leyva in Chino and Jim Cooper in Elk Grove.

We took Assembly Member Eduardo Garcia and his Chief of Staff out for firsthand look at the waterfowl using flooded rice fields, inviting them on a blind tour with our

conservation partners from Point Blue Conservation Science and Ducks Unlimited. A great meal and conversation followed. It was the first time the member and his staff had been in a rice field.

In the legislative session this year, we weighed in on the significant impacts of COVID-19 that were directed at business owners. Everything from OSHA standards to shifting COVID-19 illness to workers' compensation liability were proposed by a Legislature and administration overwhelmed by the crisis. Partnering with many other Ag associations, we were able to blunt the worst of the proposed regulation and increased costs.



FEDERAL

At the federal level, we worked on trade and farm bill implementation. Trade initiatives included support for the USMCA, which passed Congress in December 2019. We also continued to press for a bilateral agreement with Japan that improves both the quantity and quality of access to the market beyond the failed Trans Pacific Partnership Agreement. Trade with China was also on the list of trade topics, as we continued to work to gain access to this important new market.

Implementation of the 2018 Farm Bill was also an important item for the Hill. The expanded definition of family, the new target price for temperate japonica rice and conservation programs with longer contract period were hard-won items in the 2018 legislation. We thanked members and underscored their value to California producers.

Coronavirus Food Assistance Program payments for rice, announced in September, will prompt further federal policy discussion on future farm bill structure, food system resiliency and foodservice recovery assistance. Farming and producing rice in California during this pandemic put our industry in a unique position for this continued federal recovery effort.



TRADE

JUST AS THE U.S. saw rice retail sales skyrocket this year, so did the rest of the globe, setting up an unpredictable 2020 world trade balance sheet. Following the Gulfood Show in Dubai in February, the remainder of the annual food shows were cancelled, postponed, or converted to virtual platforms due to the pandemic.

Fortunately, rice marketers didn't let a lack of face-to-face meetings hinder progress, paving the way for creative short-term solutions. Annual technical meetings were held virtually with Japanese, Korean, and Taiwanese government and industry officials throughout the summer and fall. Food shows, like SIAL China, used short videos from U.S. rice exporters in lieu of in-person booths to promote sales.

Trade negotiations were certainly impacted. A combination of politics and the pandemic pushed

off the start of comprehensive negotiations with Japan this year, but U.S. trade negotiators continue to work virtually toward agreements with the U.K. and Kenya, both providing new opportunities for U.S. rice.

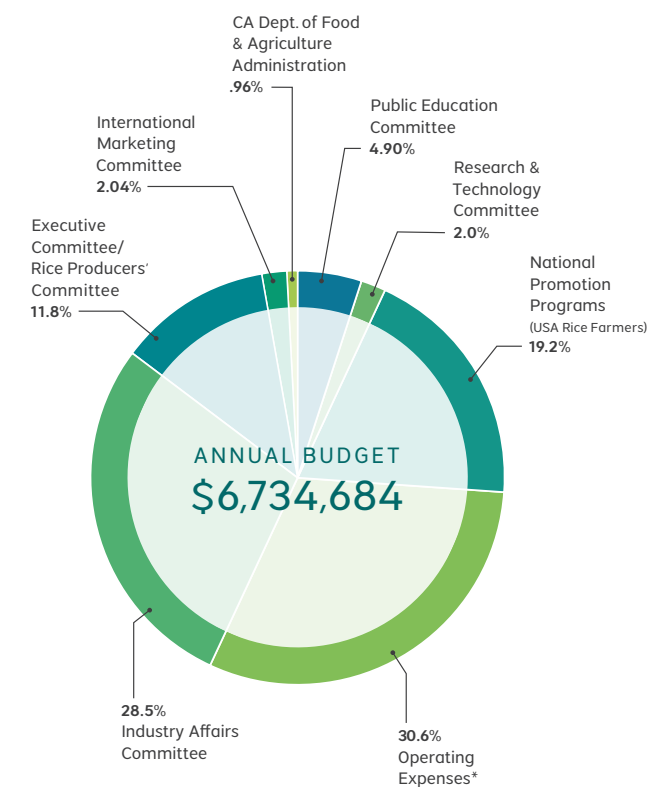
The January 2020 U.S.-China Phase One Agreement paved the way for the first commercial shipment of U.S. rice, Calrose, to be sold and unloaded in China earlier last fall. Another great win for CRC in China was our successful trademark registration of the word "Calrose" in that country.

Continued drought challenges in Australia resulted in additional overseas opportunities for California rice. Markets like Turkey and the West Bank were beneficiaries, both seeing increased U.S. medium grain activity this year, despite difficulty conducting in-person promotions.

FINANCIALS

For the years ended August 31, 2019 and 2020

FISCAL YEAR 2019/20



* NOTE: Chart represents direct spending by category; operating expense not allocated to programs. Audited financial statements available upon request. As of 12/9/20 "draft" numbers

STATEMENT OF FINANCIAL POSITION

	2020	2019
ASSETS		
Cash & Investments	\$6,684,657	\$4,983,651
Receivables	365,725	401,484
Prepaid Expense	4,608	45,473
Deferred Program Expense	0	0
Equipment	25,981	40,539
TOTAL ASSETS	\$7,080,971	\$5,471,247
LIABILITIES		
Accounts Payable	\$561,188	\$349,432
Contracts Payable	113,646	145,043
Notes Payable	0	0
Deferred Program Revenue	209,434	254,308
Accrued Expenses	60,930	56,686
NET ASSETS, UNRESTRICTED	\$6,135,773	\$4,665,778
TOTAL LIABILITIES & NET ASSETS	\$7,080,971	\$5,471,247

STATEMENT OF ACTIVITIES

	2020	2019
Revenue	\$7,620,985	\$7,311,818
Promotion & Regulatory Expense	4,210,469	3,875,247
Operating Expense	1,885,963	1,790,247
CDFA Departmental Expense	59,222	65,873
Change in Unrestricted Net Assets	1,465,331	1,580,451
Unrestricted Net Assets BEGINNING OF YEAR	4,665,778	3,085,327
Unrestricted Net Assets END OF YEAR	\$6,135,773	\$4,665,778



2019-2020 COMMITTEES

EXECUTIVE

Sean Doherty, CHAIR
Drew Becker
Tom Butler
Jennifer Kalfsbeek
Imran Khan
Rick Rhody
Josh Sheppard
Logan Wilson

BUDGET & FINANCE

Logan Wilson, CHAIR
Joe Azevedo
Chris Crutchfield
Pat Daddow
Correen Davis
Bill Helms
Mark Kimmelshue
Dave Myers
Rick Rhody
Dan Squires
Steve Sutter
Gregory Van Dyke
Sandy Willard Denn

CA RICE PRODUCERS

Nicole Van Vleck, CHAIR
Tom Butler
Keith Davis
Mike DeWit
Sean Doherty
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
John Cecil (A)
Mike Kuppenbender (A)

INDUSTRY AFFAIRS

Mike DeWit, CHAIR
Drew Becker
Christine Birdsong
Joe Borrayo
Michael Bosworth
Tom Butler
Matt Cox
Correen Davis
Keith Davis
Michael Denny
Dand Dickey
Kim Gallagher
Lisa Heuschkel
Stuart Hoetger
Carl Hoff
Doug Keeling
Mark Kimmelshue
Mike Kuppenbender
Jim LaGrande
Brice Laupe
Jessica Lundberg
Jon Munger
Damon Roush
Peter Rystrom
Josh Sheppard
Alex Struckmeyer
Christy Trimble
Sandy Willard-Denn
Don Bransford (A)

INTERNATIONAL

Michael Rue, CHAIR
Derek Alarcon
Alex Balafoutis
Kurt Barret
Drew Becker
Chris Crutchfield
Pat Daddow
John Gardias
Bill Helms
Stuart Hoetger
Imran Khan
Mark Kimmelshue
David Lohman
Charley Mathews
Steven Michel
Erin O'Donnell
Rick Rhody
Dan Squires
Alex Struckmeyer
Gregory Van Dyke
Steve Vargas
Logan Wilson
Brian Barrett (A)
Michael Denny (A)
Eddie Gaspard (A)
Brian McKenzie (A)
Derek Sohnrey (A)
Bob Watts (A)

PUBLIC EDUCATION

Chris Crutchfield, CHAIR
Michael Bosworth
Bill Helms
Brett LaGrande
Aadam McCalister
Brian McKenzie
David Perry
Kurt Richter
Zach Urrutia
Nicole Van Vleck
Bill Wallace
Kent Wiley
Logan Wilson
Matt Cox (A)
Eddie Gaspard (A)
Jessica Lundberg (A)
Jeremy Zwinger (A)

RESEARCH & TECH

Brice Lappe, CHAIR
Matt Alonso
Alex Balafoutis
Adam Boles
Joe Borrayo
Mark Kimmelshue
Jessica Lundberg
Manual Martinez
Kent McKenzie
Jon Munger
Jose Rodriguez
Alex Struckmeyer
Bill Wallace
Sandy Willard-Denn
Matt Cox (A)
Dana Dickey (A)
Sean Doherty (A)
Eddie Gaspard (A)
Christy Trimble (A)
Gregory Van Dyke (A)
Vern Vierra (A)

(A) ALTERNATE



CALIFORNIA RICE COMMISSION

Tim Johnson
President & CEO

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

Marissa Trejo
Office Administrator



