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# FLORIDA CITRUS COMMISSION MEETING

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## Summary of Committee Reports

**September 16, 2009**

This FCC Meeting Report provides a summary of each committee report with Web links to corresponding presentations referenced during the session.

### **FCC Reorganization**

Governor Charlie Crist reappointed Robert Behr and David Wheeler to the Florida Citrus Commission. In addition, the Governor appointed two new commissioners: Michael Garavaglia Jr. and Victor Story. All four commissioners will serve a three year term through May 31, 2012. The FCC reelected Benny W. Albritton Jr. as chairman and George Streetman as vice chairman.

### **Chairman's Remarks**

Chairman Benny W. Albritton, Jr. recognized former commissioners Cody Estes and Wesley Brumback for their service on the FCC. Chairman Albritton announced appointments of new committee chairs and vice-chairs for the 2009-2010 fiscal year.

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### **Executive Director's Remarks**

Ken Keck, executive director, reported that increased FDOC retail activities due to incremental funds at the end of fiscal 2008-2009 have contributed to increased orange juice sales among \$2 million retailers. The largest gains have come from reconstituted orange juice sales, especially private label.

FDOC conducted orientation for the two new commissioners last week; Keck welcomed Commissioners Garavaglia and Story. Over the summer months, FDOC staff has been preparing for the upcoming move to Bartow. In the marketing department, Jake Raburn left FDOC to work for a family business; his position has been posted and will be filled as soon as possible.

### **Economic/Market Research Committee**

Bob Norberg, deputy executive director, research and operations, presented the Nielsen orange juice and grapefruit juice and Freshlook fresh citrus retail sales trends. Season year-to-date numbers at retail (all outlets + WalMart) are as follows:

#### Orange Juice

Gallons +0.8%  
Dollars -3.9%  
Price -4.7%

#### Grapefruit Juice

Gallons -3.8%  
Dollars -5.2%  
Price -1.5%



For the four-week period ending 8/29/09, orange juice gallon sales are up 3.8%, exceeding 2006-2007 gallon sales for the sixth consecutive period. Private label reconstituted orange juice at traditional grocery is making the biggest contribution to the positive trend with gallon sales increasing 47.2% for the period.

Nielsen Scantrack markets were analyzed (based on year-over-year orange juice gallon percent change). The most successful markets showed deep discounting of private label reconstituted orange juice and FDOC retailer initiatives reached the majority of these markets.

The fresh season concluded with the period ending 8/2/09. Results for the 10 markets where Florida ships most of its fresh fruit follow:

<u>Oranges</u>	<u>Grapefruit</u>	<u>Tangerines</u>
Pounds -11.6%	Pounds +2.7%	Pounds +4.2%
Dollars -9.2%	Dollars -2.5%	Dollars +7.7%
Price +2.7%	Price -5.0%	Price +3.3%

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One contract renewal notice was submitted. (Note: FDOC staff will report upcoming renewal options for all contracts to FCC at least six months prior to expiration. All contracts and terms are posted on [www.FDOCGrower.com](http://www.FDOCGrower.com) for review at any time.)

- *07-24 - Millward Brown:* The contract will expire December 31, 2009. The contract has two one-year renewal options. Millward Brown tracks consumer awareness and attitudes toward citrus products, consumer awareness and recall of FDOC advertising, and the effectiveness of FDOC advertising campaigns.

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### **Planning & Evaluation Committee**

Bob Norberg reported the year end Program Evaluation Measurements for fiscal year 2008-2009. Nineteen of 31 reported measurements (61%) met or surpassed established goals.

In Overall Operations, Non-Grower Funding for Research surpassed the established goal by 36% and almost doubled 2007-2008 funding. Industry Presentations and Meetings surpassed goal by 33%. Although the orange juice gallon sales goal of a 1% increase was not met, year-over-year sales are flat and ended at -0.2%. International Marketing achieved goals in four out of five measurements. Only two of eight measures fell slightly behind goal in Domestic Marketing for orange juice. Public Relations Consumer Impressions and Trade Initiatives significantly exceeded goals. Results for collateral placed in retail stores was more than triple the established goal. In the grapefruit/grapefruit juice category, Print Advertising Impressions surpassed goal by 33%. Public Relations Impressions surpassed goal by 13% and surpassed previous year results by 30%. All Research categories met or slightly surpassed goal.

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Norberg presented measurements for consideration for the 2009-2010 fiscal year based on input from FCC and staff recommendations. FCC approved the recommended metrics. Staff will recommend goals for these 2009-2010 measurements at the October FCC meeting when the budget is confirmed.

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### **Domestic Marketing Committee**

Leigh Killeen, deputy executive director, domestic marketing, presented the progress and next steps of the Domestic Advertising Agency Review Evaluation Committee (EC).

- An EC of seven comprised of two FCC members; two Florida growers and three FDOC staff members, has been appointed by Chairman Albritton. The EC is chaired by Commissioner Virginia Pena, Domestic Marketing Committee Chair. Commissioner George Streetman, Dan Richey, Steve Ryan, Ken Keck, Mike Yetter and Leigh Killeen make up the committee.
- All EC meetings will be noticed and public. They are scheduled for the Tuesday afternoon prior to each FCC meeting to make it easier for the FCC and industry to attend and participate.
- An RFP was posted on August 3 and responses are due on Friday, September 18.
- An EC orientation meeting was held on Tuesday, September 15. The EC discussed the review process and timeline, RFP criteria and logistics.
- The EC will review responses and target Tuesday, October 20 for the next meeting to select up to eight semi-finalists.
- The EC will make fact-finding site visits to selected semi-finalists.
- The EC will hold its next meeting to discuss semi-finalists visits and select finalists on December 15.
- Finalists will make presentations to the EC on January 19, 2010. The EC will rank finalists and make a recommendation to the FCC. FCC will vote to select the advertising agency on January 20.
- A contract is expected to be in place by April, 2010.

FDOC legal counsel Ed Scales advised the FCC on Florida Sunshine Laws, public records requests and lobbying relative to the advertising agency search process.

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Killeen reported that the narrative version of the domestic marketing plan for 2009-2010 is in FCC folders. The plan has been vetted with industry organizations and brands and conforms to the preliminary budget approved by the FCC in June. Hard copies of the plan are available by request. The plan is posted on [www.fdocgrower.com](http://www.fdocgrower.com).

Killeen requested approval for \$285,000 to proceed with print advertising for grapefruit/grapefruit juice for December periodicals. The Committee unanimously approved the request.

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## **International Marketing Committee**

Mike Yetter, Director of International Marketing, presented a recommendation for a new orange juice advertising campaign in Canada.

Mike Malone, The Richards Group, presented three concept boards which are an extension of the campaign that has been airing for the past three seasons. Staff recommended producing a :15 and :30 second spot of the "Sunshine on Me" concept, the most direct extension of the current campaign and the most cost efficient.

Lance Miceli, The Richards Group, presented a proposed media plan for the new commercial. The commercial will air November through mid-April, 2010 resulting in 1,400 target rating points in Toronto, Ottawa and Montreal. The Committee approved staff's recommendation.

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## **Research Committee**

One new contract, one contract amendment and a six-month notice of contract renewals were presented by staff.

- *09-10 - New Varieties Development & Management Corporation (NVDMC):* A new three-year contract through September 30, 2012 to maintain development and evaluation of fresh varieties. The amount of the contract is as follows:
  - FY 2009-2010: \$613,500
  - FY 2010-2011: \$528,500
  - FY 2011-2012: \$548,500
  -
- *07-27 - The National Academy of Sciences:* Amendment to cover the cost of seven additional review panels that were deemed necessary based upon the breadth of research areas and the number of research proposals received. Cost of \$177,191 will be funded from the FY 2008-2009 budget.
- *FDOC Citrus Research Agreements:* Six-month renewal notice for 36 research agreements of various classifications requesting second year funding at a total of \$4,346,432.

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## **Administrative & Budget Committee**

Debra Funkhouser, Comptroller, presented a summary of fiscal year 2008-09 and reported on two months operations ending August 31, 2009. Funkhouser discussed the FDOC's plan to relocate to the Bob Crawford Agricultural Center in Bartow and presented a summary of costs to renovate the building to fit the Department's needs. A budget transfer for renovations and one for the ad agency fee for grapefruit activity were presented.

Inspector General Billy Weathers presented the auditor's monthly report.

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## **Legal/Government/Regulatory Committee**

### **Federal Update:**

Ken Keck reported that negotiations with Texas and California regarding the Federal Research Order have stalled at this time. Communications are now conducted primarily via rumor.

In a joint letter, Florida Citrus Mutual (FCM) and FDOC have requested that U.S. Secretary of Agriculture, Tom Vilsak consider the purchase of 10 million single-strength equivalent gallons of frozen concentrated orange juice and not from concentrate orange juice under the USDA's bonus purchase program for fiscal year 2010.

### **State Update:**

Mike Sparks, FCM, presented the Commission with a proposal, approved by FCM's board on September 9, to increase the Florida Citrus Production Research Order assessment cap from one cent to three cents (roughly \$5.5 million) and channel the money to the newly formed Citrus Research and Development Foundation (CRDF). Under their proposal, the Florida Citrus Production Research Council, established in 1991 to direct money to research in the form of competitive grants, would become an advisory committee to CRDF. CRDF would annually evaluate research projects and award the money accordingly. The order, subject to referendum every six years, must pass with support from 65% of the voting growers representing 51% of the voting production. In addition, FCM's board asked FDOC to reduce the advertising assessment for the fiscal year 2010-2011, equivalent to any increase in the research assessment, so the amount to the grower remains tax neutral. FCC adopted a Research Box Tax Resolution to support this initiative.

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*\*See next page for Economic Indicators Summary – September 2009*



## Economic Indicators Summary – September 2009

INDICATOR		UNIT	2007-08 STD	2008-09 STD	% CHANGE
<b>FL OJ (08/29/09):</b>	Movement	<i>Mil. SSE Gal.</i>	995.7	1,052.1	+5.7
	Ending Inventory	"	706.5	725.9	+2.7
<b>Total US OJ (Jul):</b>	Imports	"	368.6	264.4	-28.3
	Exports	"	111.46	109.30	-.2
<b>Total US Retail OJ Sales (08/29/09):</b>	Volume	"	574.5	579.4	+ .8
	Price	<i>\$/SSE Gal.</i>	5.92	5.64	-4.7
<b>FCOJ Monthly Average Price (Aug):</b>	Futures	<i>\$/PS</i>	1.04	.98	-5.8
	Bulk FOB	<i>\$/PS</i>	1.20	1.05	-12.5
	Rotterdam	<i>\$/US/MT</i>	1,800	1,050	-41.7
<b>Delivered-In Prices (06/27/09):</b>	Early/Mids	<i>\$/PS</i>	1.390	1.010	-27.3
<b>FL Fresh Shipments (06/28/09):</b>	Orange/Specialty	<i>1,000 4/5-bu. Ctn.</i>	15,341	16,809	+9.6
	Grapefruit	"	19,802	17,351	-12.4
<b>FL GJ (08/29/09):</b>	Movement	<i>Mil. SSE Gal.</i>	79.6	75.5	-5.2
	Ending Inventory	"	64.2	51.8	-19.2
<b>Total US GJ Exports (Jul)</b>		"	12.29	13.63	+10.9
<b>Total US Retail GJ Sales (08/29/09):</b>	Volume	"	20.19	19.44	-3.8
	Price	<i>\$/SSE Gal.</i>	6.42	6.32	-1.5

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