



Agricultural
Marketing
Service

1400 Independence Avenue, SW
Room 2968-S, Stop 0226
Washington, D.C. 20250-0226

June 8, 2018

Dear California Dairy Processors and Manufacturers:

On June 8, 2018, USDA published a final rule in the *Federal Register* establishing a Federal milk marketing order (FMMO) for the state of California. Publication of this rule concludes a 4-year effort initiated by California dairy stakeholders to implement a FMMO. The California FMMO will become effective October 17, 2018, and all affected parties will be required to adhere to the regulations beginning November 1, 2018.

On behalf of USDA, I would like to welcome you into the FMMO system. I have designated Cary Hunter to serve as the Acting Market Administrator during this transition and until a permanent Market Administrator is selected. Mr. Hunter has been with the FMMO system for 28 years and has been serving as the Southwest Market Administrator since 2009.

Here at USDA, we understand moving away from the California State Order (CSO) is a change to your regulatory processes. Our goal is to ensure an orderly transition to the FMMO, and in that respect, we have established the following conditions to allow the California dairy industry the necessary flexibility to adjust to the new marketing rules without causing unnecessary producer milk movements. USDA will:

1. Waive the initial 1-day touch base requirement for any producer (including producers outside California) that regularly supplied a California plant during the previous year.
2. Waive the repooling percentages for the first 3-months of the order. The normal stated levels will apply thereafter.
3. Create a supply plant system consisting of all manufacturing plants that would have been part of the CSO. This system will apply through July 2019 when a new system would normally be requested.
4. Require a supply plant located outside of California to transfer milk to a qualifying plant in order to participate in the California FMMO pool.

We realize that you will have a lot of questions over the next few months as we move from the CSO to the FMMO. Please be assured we will actively work with you throughout this transition and will have FMMO staff available to answer questions and provide guidance. Until a permanent location is determined, the California FMMO office will be located at:

USDA Service Center Office
221 W Court St. Suite 3B
Woodland, CA 95695-2983
(530) 662-2037
market.admin@cafmmo.com

More information pertaining to the order also can be found on the California FMMO website: www.cafmmo.com. Currently you will find a handler training webinar introducing you to the FMMO system and general terms of the order on this site. We encourage you to view this webinar to familiarize yourself with basic terms and provisions.

Beginning in July, a group of current FMMO employees will lead in-person handler training sessions designed to build on the information presented in the webinar. The trainings will begin with a half-day group training session, to be followed by individual meetings between FMMO employees and handlers. The individual meetings will focus on answering questions and providing information relevant to your operations. Three training locations have been scheduled throughout the state, so you can pick the one most convenient for you to attend.

In-person Handler Training Session Dates:

Los Angeles Area: July 16—20, 2018

Central Valley Area: July 23—27, 2018

San Francisco Bay Area: July 23—27, 2018

Details regarding the training sessions and information on how to register, as well as a copy of the regulations, can be found at www.cafmmo.com.

Again, I want to welcome you to the FMMO system. This truly is a historic moment, a testament to the strong collaboration between USDA and California's dairy industry, and we are excited to continue working together to facilitate the efficient marketing of milk and dairy products in California.

Sincerely,

/s/

Dana H. Coale
Deputy Administrator

Attachments