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.

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.

TIM JOHNSON
President & CEO,
California Rice Commission
RICE
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.
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 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.
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 Municipal Utility District executives to evaluate any possible mutual benefit of a partnership between them.
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 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 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.

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

WE SAFEGUARD OUR INDUSTRY BY ESTABLISHING RELATIONSHIPS IN SACRAMENTO AND WASHINGTON, D.C.
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.
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.
For the years ended August 31, 2018 and 2019

STATEMENT OF FINANCIAL POSITION

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<th>2019</th>
<th>2018</th>
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<td><strong>ASSETS</strong></td>
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<td>Cash &amp; Investments</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td>$5,452,483</td>
<td>$3,507,781</td>
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| **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

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<thead>
<tr>
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<th>2019</th>
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<tbody>
<tr>
<td>Revenue</td>
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<td>Promotion &amp; Regulatory Expense</td>
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<td>Operating Expense</td>
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<td>CDFA Departmental Expense</td>
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<td>Change in Unrestricted Net Assets</td>
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<td><strong>UNRESTRICTED NET ASSETS BEGINNING OF YEAR</strong></td>
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<td><strong>UNRESTRICTED NET ASSETS END OF YEAR</strong></td>
<td>$4,665,548</td>
<td>$3,085,327</td>
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2018-2019 COMMITTEES

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Roberta Firoved, Industry Affairs Manager
Luke Matthews, Wildlife Programs Manager
Jim Morris, Communications Manager

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