

CALIFORNIA RICE IS

# VITAL



TO OUR  
COMMUNITIES  
ECONOMY  
ENVIRONMENT



2022 ANNUAL REPORT



THE BIG QUESTION IS WHAT IF  
THERE IS ANOTHER YEAR OF DROUGHT?  
WHILE WE MAY NOT KNOW ALL OF THE  
ANSWERS TO THIS QUESTION, WE ARE  
**WELL POSITIONED TO BE ABLE TO RESPOND**  
TO THE INDUSTRY, COMMUNITY AND  
HABITAT NEEDS SHOULD IT HAPPEN.

– TIM JOHNSON

# CALIFORNIA RICE

VITAL TO OUR COMMUNITIES, ECONOMY AND ENVIRONMENT

No doubt this third year of drought was even more impactful than we could have anticipated. Half a crop, the loss of thousands of jobs and billions evaporating from our local economies are the measure of the human impacts in the Sacramento Valley. The annual winter migration will bring further pressures, as millions of ducks, geese and shorebirds arrive with no place to rest and no flooded rice fields to feed them. They will join the Giant Gartersnake as one of the many species left with little to no habitat.

To help offset impacts of the drought on our suppliers and the businesses that are the lifeblood of our communities, we approached CDFA for help. A combined effort with NCWA, AG Council of California, California Warehouse Association, California Agricultural Aircraft Association, Western Plant Health Association and California Tomato Growers Association we were successful in developing the California Small Agricultural Business Drought Relief Grant Program. This first of its kind program, funded at \$75M, will target grants to dryers, ag aircraft, ag trucking, ag chem, fertilizer suppliers and other businesses supporting production agriculture. On the federal side, we are seeking \$300M for larger ag businesses also heavily impacted by drought.

We joined our conservation partners to understand the impacts of the reduction in planted acres on wildlife habitat and the projections for winter water for flooding and the refuges. Recognizing the valuable habitat provided by winter flooded rice fields, DWR awarded the CRC a grant to facilitate targeted flooding with groundwater for a second year. Together, we are working to make sure every possible acre is flooded for habitat.



Finally, the CRC cut programs and operations by nearly \$1M while also utilizing reserves to keep operations ongoing. Longer term adjustments will be an important element of our strategic planning which was initiated in the fall.

The big question is what if there is another year of drought? While we may not know all of the answers to this question, we are well positioned to be able to respond to the industry, community and habitat needs should it happen.

A handwritten signature in orange ink that reads "Timothy A. Johnson".

**TIM JOHNSON**  
President & CEO  
California Rice Commission



REGULATORY COMPLIANCE

# WATER QUALITY



TOTAL SUCCESS OF OUR CURRENT  
WATER QUALITY PROGRAMS BEGAN  
THROUGH THE RICE INDUSTRY'S  
**PROACTIVE APPROACH.**



## Implementation of the rice-specific water quality programs remain in place no matter the weather conditions or crop size.

Although we cannot rollback regulation, open communication with the Central Valley Water Board provides the opportunity to modify requirements. For example, the Farm Evaluation and Nitrogen Management Plan went from an annual to once every five-year requirement with reporting the 2022 crop in 2023. Our communication with the Central Valley Water Board gave growers a one-year delay by resetting the date to 2024.

The Central Valley Salinity Alternatives for Long-Term Sustainability (CV-SALTS) program addresses nitrate and salt accumulation affecting water supplies. Following approval, the WDR Orders were amended to include the CV-SALTS language with the water quality coalitions providing detail in the implementation plans. The approval process set into motion work to develop the first nitrate control program initial assessment under the Rice Specific Waste Discharge Requirements (WDR) Order. We were fortunate in taking credit for current farm practices and nitrate management in rice production.

Our goal in developing a rice-specific nitrate control program began as a two-year project with monthly workgroup meetings and quarterly update sessions to the Central Valley Water Board staff. The entire process from start to finish was virtual due to restrictions eliminating in-person meetings. Our work paid off, with the California Rice Commission Nitrate Control Program Initial Assessment for Rice in the Sacramento Valley approval in May 2022.

Compliance with the salinity component of CV-SALTS is through a prioritization and optimization study. The area north of Sacramento is known for low impacts from salinity, so compliance is through a study to truth out the data for the Salt Control Program.

The Rice Pesticide Program monitoring results for thiobencarb were excellent with no exceedances.



Monitoring results of additional pesticides through the Rice WDR were under the aquatic benchmarks for concern. The Pyrethroid TMDL monitoring results in surface water and sediment were within compliance. Our groundwater monitoring results were good with no reports of dry wells.

Total success of our current water quality programs began through the rice industry's proactive approach, and direction from leadership, to organize by positioning the industry as part of the solution. The work from that initial approach is the foundation to our current water quality programs specific to rice. Research from the UC Extension and UC Davis scientists further supports rice as a low vulnerability designation for impacts on the environment.

During a time of challenges, it is more important than ever we provide positive outcomes for rice growers by maintaining commodity specific water quality programs to best serve the industry.

REGULATORY COMPLIANCE

# CROP PROTECTION



**FLEXIBILITY AND CREATIVITY**  
ARE KEY IN MANAGING  
THROUGH THE RIGID PESTICIDE  
REGULATORY PROCESS.



## Registration and maintenance of crop protection tools becomes more challenging with the virtual platforms as the only means of communication.

Adding to the complexity are several factors including newer modeling approaches to pesticide evaluation and review, and the U.S. Environmental Protection Agency addressing additional challenges to endangered species consultations. All factors have resulted in increased mitigation measures for registration.

Fortunately, thiobencarb went through the NOAA National Marine Fisheries Services biological opinion (BiOp) for salmon species as no jeopardy in 2012, with modifications in 2016. Use of the word 'fortunately' sounds like a misnomer. However, several of the thiobencarb management practices receive acknowledgement in protection of endangered species with the BiOp setting the standard for evaluating new pesticide registrations on rice.

Intrepid® 2F (methoxyfenozide) went through the eighth year as an Emergency Exemption (Section 18) in 2022. Justification of the eighth year was the result of the registrant actively pursuing registration. Our anticipation was to receive registration in 2021 however, the Department of Pesticide Regulation realizing California registration would not be complete in time for the season proactively informed the U.S. Environmental Protection Agency to delay registration and allow the rice growers use through a Section 18. We are assured registration of Intrepid® 2F in time for the 2023 use season.

Loyant® CA with Rinskor™ Technology (florpyrauxifen-benzyl) was registered in August. Corteva, the registrant, will launch the herbicide with a series of best management practices and stewardship guidelines in 2023.

We continue to engage with the Interregional No. 4 (IR-4) Project for specialty crops and minor uses to major crops. Our clethodim on rice Project Clearance Request is an IR-4 A-Priority as a

project receiving funding to develop residue data necessary for registration. Clethodim is an herbicide effective in controlling weedy red rice.

The ROXY™ Rice Production System remains on track for registration as a novel approach to managing resistant weeds. Our involvement is to monitor the registration progress and be available to advise and respond to questions.

Our intent this next year is a return to in-person meetings with more rice field tours. The change in staffing at both the federal and state levels necessitate an increase in education of rice cultural practices.

However, we realize the virtual meetings platform may be a way of the future while state and federal staff remain in remote work scenarios. We are prepared to address virtual meetings and utilize the platform for increasing efficiencies with large groups from various regions.



# AIR QUALITY



AIR QUALITY EFFORTS IN 2022 HAD  
A CONTINUED STRONG FOCUS ON  
**DEVELOPING ZERO-EMISSION VEHICLE  
AND CLIMATE RELATED REGULATIONS.**







California's strong focus on air quality issues was greatly affected by the Governor's recent Executive Order N-79-20 which set forth ambitious objectives on Zero Emission Vehicles (ZEVs) to advance the State's aggressive climate reduction goals.

These initiatives have the potential to significantly change both on-road and off-road equipment used in agricultural operations over the next 10–15 years.

CRC is leading critical analysis regarding the cost impacts of California's ZEV measures on agricultural

forklifts and we remain hopeful that these strategic discussions with the Air Resources Board (ARB) and other agricultural groups can lead to reasonable final proposals by the ARB as they seek to implement the Governor's ZEV mandates.

In 2023, ARB is expected to adopt a sweeping regulation to electrify agricultural forklifts starting in 2026. This has been a primary focus for CRC as we've been preparing to participate in this upcoming rulemaking in the interest of California rice farmers and related rice processing facilities fully reliant upon forklift operations.

# WILDLIFE CONSERVATION



IN 2022, THE CRC SUCCESSFULLY  
SECURED AN ADDITIONAL \$8 MILLION FROM  
THE DEPARTMENT OF WATER RESOURCES (DWR)  
**TO COMBAT SIGNIFICANT DROUGHT IMPACTS**  
TO WILDLIFE IN THE SACRAMENTO VALLEY.



The California Rice Commission has been working with State and Federal Agencies as well as Non-governmental Organizations to ensure that our longstanding conservation programs continue to provide habitat and work for farmers.



## WATERBIRD HABITAT PROGRAMS

- **Drought Relief Waterbird Program (DRWP):**

This Program was initiated in late 2021, by an \$8 million commitment from DWR, to help create more flooded habitat on both rice fields and private wetlands in the Sacramento Valley. In the first year, this funding created over 55,000 acres of habitat for waterbirds. As drought conditions continue, DWR provided yet another \$8 million contribution to continue funding this effort to support flooding habitat. We appreciate DWR partnering with the Commission to be a part of the solution.

- **California Winter Rice Habitat Incentive Program (CWRHIP):** Now in its third year, the Department of Fish and Wildlife has turned over the administration of this Program to the Commission. This transfer has increased the flexibility of the Program and should increase participation to curb the reduction of post-harvest flooding that has become a trend with nearly 50 percent of California's rice farmers.

- **Regional Conservation Partnership Program (RCPP):** This Program was approved in 2020 and provides financial assistance to implement a diversity of conservation practices, including flooding for habitat, cover cropping and habitat enhancement to provide environmental benefits including wildlife, soil health and water quality.

- **California Ricelands Waterbird Foundation (Bid4Birds):** This Foundation continues to expand and provide growers with a unique opportunity to create critical habitat on their farms by implementing targeted seasonal flooding for migratory birds.

## CALIFORNIA RICELANDS SALMON PROJECT

### PHASE II EFFORTS UNDERWAY

CRC is continuing work to craft a strategy for managing winter-flooded rice fields to aid in salmon recovery.

#### **Our Phase I Pilot Study** (2018–2020)

demonstrated the following:

- Salmon raised in rice fields likely have very good survival out to the Ocean
- Extending the floodwater inundation period and drainage management are key features of a future practice

#### **Our Phase II Pilot Study with UC Davis and**

**California Trout** (started in 2021) will continue for at least two more years. Here's what we did in the 2021–22 field season:

- Tested the management practice on full-sized, bypass rice fields
- Conducted radio-tagging to quantify survival results and out-migration behavior

CRC appreciates its ongoing partnership with the USDA's Natural Resources Conservation Service (NRCS) as they support approximately half our current \$1.2 million Phase II Pilot Program budget. Ongoing technical and permit assistance is being provided by U.S. National Marine Fisheries Service and California Department of Fish and Wildlife. Special thanks to our other funding partners who are committed to helping fund this innovative project.

# PUBLIC EDUCATION



THROUGH A COORDINATED EFFORT  
INVOLVING INDUSTRY MEMBERS, WE WERE ABLE  
TO BE MORE SELECTIVE IN COLLECTIVELY SHARING  
**THE UNIQUE CONNECTION BETWEEN RICE,  
OUR RURAL COMMUNITIES AND OUR ENVIRONMENT**  
WITH SPECIFIC MEDIA OUTLETS.



## DROUGHT CRISIS COMMUNICATIONS

Through a coordinated effort involving industry members, we were successful in showcasing the vital role California rice plays within our communities, our economy and environment throughout the drought crisis.

Positive stories included the Sacramento Bee, CalMatters, The Wall Street Journal, USA Today, FOX Business, KPIX-5 CBS Bay Area, KTVU FOX2 Bay Area, FOX40 News, KCRA-TV and several ag media outlets.

- **Media** — as part of our strategy in managing one of our busiest years in media, with 149 inquires nearly all tied to drought, we implemented a Drought section on CalRice.org. The landing page is a resource for media with monthly updated statements that consistently highlight our main messages of impacts to our rural communities and wildlife, economic impact numbers, water use and water recycling facts, created content and an “In the News” section compiling positive media stories.
- **Social Media** — We utilized Facebook, Twitter, Instagram and YouTube to successfully launch parallel video campaigns highlighting the “trickle-down effect” drought caused to so many. We heard stories of hardships on allied business like ag aircraft pilots, supply companies, mills, dryers, and local leaders calling for action and assistance to support critical rice production infrastructure. Conservation groups like Audubon CA, Ducks Unlimited, Point Blue Conservation Science, The Nature Conservancy and so many others collectively sounded the alarm, that rice plays a vital role for millions of birds along the Pacific Flyway.
- **Highly-targeted advertising** — In our 11th year with Armstrong & Getty we pushed our weekly updated messages of unprecedented impacts to critical rice industry infrastructure, dryers, mills, support services and ag communities while also



sharing the unique connection between rice and wildlife. We are now highly focused on CapRadio, the Sacramento-based National Public Radio station, and increasing awareness of our unique environmental connection to that audience. We also published a full-page ad in the Capitol Weekly Top 100.

- **Leg Day and Rice Boxes** — We had good attendance from legislators and all Sacramento-area TV News outlets covered the sushi rolling event. 77 Rice Boxes were successfully delivered to members of the CA Legislature.
- **Salmon Project** — Coverage included a field tour with Reuters publishing an article and video netting roughly 4 million hits nationally, plus several positive stories by local media.

# POLICY



## THE CALIFORNIA AGRICULTURE SMALL BUSINESS DROUGHT RELIEF GRANT PROGRAM WILL BE AVAILABLE IN EARLY 2023.



### STATE

#### Drought Relief

We are deeply appreciative of the coalition of NCWA, California Warehouse Association, California Agricultural Aircraft Association, Western Plant Health Association, California Tomato Growers Association and Agricultural Council of California who joined with rice to lead the successful effort to develop a new grant program for agricultural businesses impacted by the drought.

Through this work, \$75M has been allocated for grants aimed at small ag businesses experiencing a loss of 30 percent or more in receipts or profits compared to 2019.

The California Agriculture Small Business Drought Relief Grant Program will be available in early 2023 and will provide grants of \$60,000 - \$100,000 to eligible ag trucking, ag aircraft, dryers, mills and suppliers for production agriculture.

### Purchase of Senior Water Rights

The CRC weighed in with Senator Wieckowski and Senate Pro Tem Atkins on the ill-advised effort to spend \$1.5B in state funds to buy senior water rights. In personal meetings, we made the case for the unequal impact on rice and the critical habitat provided by our working lands. Utilizing a white paper from UC Davis we demonstrated the disproportionate impacts on our rural communities. Joining NCWA in pushing back against this effort, is a great example of the everyday collaboration between the two organizations.

## FEDERAL POLICY

### Farm Bill

In preparation for the next Farm Bill, the California Rice Producers Committee, chaired by Tom Butler, has developed our list of priorities coming into 2023. With a focus on the critical need for crop insurance, improved conservation programs that recognize the value of flooded habitat and an increased reference price, the priorities are being advanced through the USA Rice Farm Bill Taskforce.

The next Farm Bill will likely be written with new House Ag Committee leadership and in a time of increased focus on fiscal discipline. Ensuring that USA Rice speaks clearly to our industry's needs and is able to maneuver through an increasingly partisan Congress will be critical.

### Drought Relief

The impacts of the drought on support businesses and our communities was the focus of an August tour with USDA Under Secretary Robert Bonnie and California Department of Food and Agriculture (CDFA) Secretary Karen Ross also attending. His tour included presentations by our conservation partners on the irreplaceable value of rice for waterfowl habitat, the promise of ricelands to provide food for salmon and the critical role rice plays in the lifecycle of the Giant Gartersnake. The culmination was a meeting in Williams where he heard firsthand from aerial applicator Rick Richter, a dryer Molly Dennis, an ag chem supplier and a rice mill on the devastating losses experienced this year. He left the tour with a greater appreciation of the impacts the drought has caused and committed to working to help find solutions.

The effort was part of our work with the same collation of agriculture associations and NCWA who worked on the state grant program to advance a request for \$300M in drought disaster relief for our dryers, mills, applicators, and suppliers who are not covered by crop insurance.

### 1:4 Rule

We began work with the Risk Management Agency in the spring of 2022 for relief from the 1:4 rule for prevented planting insurance for rice. We were successful arguing that many of the same rice fields are impacted by both flooding in wet years and inability to plant in dry years and in November the agency suspended the requirement that rice fields be planted at least one in every four years for the 2023 crop year.



# TRADE



TRADE FLOWS SHIFT WITH  
RICE PRODUCTION AND SUPPLY  
CHANGES DUE TO DROUGHT.





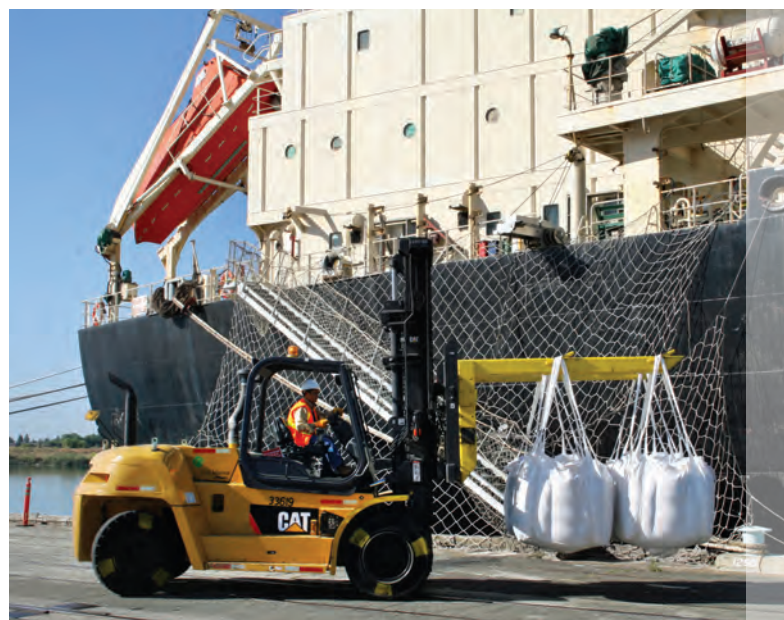
California rice farmers have long led the export charge by shipping more than half of their harvest through extensive export channels that span nearly every continent.

Calrose has been the rice of choice for many of those customers abroad for several reasons, including quality, consistency, and reliability of the U.S. production and shipping infrastructure. With a constricted supply due to persistent drought, those marketers who have historically had surplus stocks to ship overseas will now be forced to decide not only between keeping their domestic versus their export customers, but also, which export customers they keep this year.

California will see historically high imports this year and likely historically low exports, however the demand in our export markets is still there. As we saw marketers get creative last year to stretch shipment periods and delay international tenders, among other shifts in normal protocol, we are likely to continue to see more of that ingenuity this marketing year. However, we may well see some shifts in sourcing by our longtime customers and we'll also see smaller shipments, including fewer cargoes. This may continue even when our production rebounds with more normal precipitation. Regaining market share in the face of replacement by other origins both domestically and internationally will be challenging.

The Biden Administration's stagnant approach to trade policy means that nobody in agriculture is getting more market access for the time being, so if there's ever a time to have a limited export supply, it could be now. However, with the hope of a U.S.-UK Free Trade Agreement in the coming years, California could be well-positioned to build market share in a previously high tariff market.

Despite the challenging supply scenario, CRC will continue to work with USA Rice to maximize our access to our traditional markets and expand opportunities in new markets.



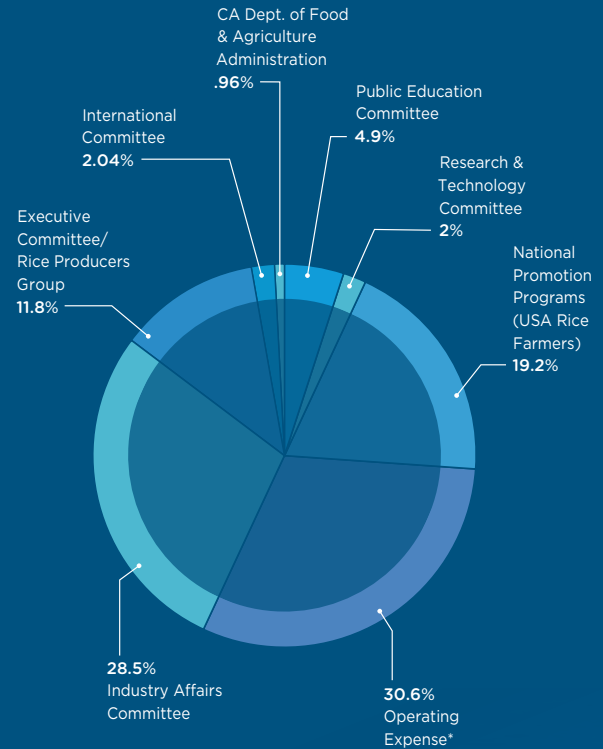
# FINANCIALS

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2022

## STATEMENT OF FINANCIAL POSITION

	2022	2021
<b>ASSETS</b>		
Cash & Investments	\$11,260,784	\$8,316,768
Receivables	729,219	255,273
Prepaid Expense	36,778	26,705
Deferred Program Expense	0	0
Equipment	16,690	12,204
<b>TOTAL ASSETS</b>	<b>\$12,043,471</b>	<b>\$8,610,949</b>
<b>LIABILITIES</b>		
Accounts Payable	\$1,087,901	\$395,309
Contracts Payable	108,593	114,209
Notes Payable	0	0
Deferred Program Revenue	2,573,283	371,513
Accrued Expenses	1,820	34,570
<b>NET ASSETS, UNRESTRICTED</b>	<b>\$7,705,243</b>	<b>\$6,161,035</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$12,043,471</b>	<b>\$8,610,949</b>

## FISCAL YEAR 2021/22



## STATEMENT OF ACTIVITIES

	2022	2021
Revenue	\$12,078,139	\$7,239,483
Promotion & Regulatory Expense	9,471,902	3,871,247
Operating Expense	2,032,569	1,777,063
CDFA Departmental Expense	55,998	56,861
Change in Unrestricted Net Assets	517,670	1,534,312
Unrestricted Net Assets <i>Beginning of Year</i>	8,610,949	6,135,773
Unrestricted Net Assets <i>End of Year</i>	\$12,043,471	\$8,610,949

\*NOTE: Chart represents direct spending by category; operating expense not allocated to programs. Audited financial statements available upon request.

"Draft" numbers as of 12/1/22, prior to financial audit completion.

The State of California engaged the CRC to develop a groundwater program for winter habitat for rice and wetland landowners.

# 2021-2022 COMMITTEES

## EXECUTIVE

Rick Rhody, CHAIR  
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Gregory Van Dyke, TREASURER  
Logan Wilson, SECRETARY  
Drew Becker  
Tom Butler  
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Dave Myers (A)

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Mike Kuppenbender  
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Drew Becker  
Chris Crutchfield  
Bill Helms  
Stuart Hoetger  
Imran Khan  
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Robyn Rominger (A)  
Bob Watts (A)

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Michael Bosworth, VICE CHAIR  
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Jessica Lundberg  
Adam McCalister  
Erin O'Donnell  
Kurt Richter  
Robyn Rominger  
Zach Urrutia  
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Alex Struckmeyer  
Bill Wallace  
Sandy Willard-Denn  
Christy Trimble  
Gregory Van Dyke  
Dana Dickey (A)  
Sean Doherty (A)  
Jessica Lundberg (A)

## RICE CERTIFICATION

### PRODUCERS

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Brad McGeoghegan  
Michael Rue

### RICE HANDLERS

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Mark Kimmelshue  
Dave Lohman  
Bert Manuel

### CALIFORNIA COOPERATIVE CROP IMPROVEMENT ASSOCIATION

Timothy Blank

### CALIFORNIA WAREHOUSE ASSOCIATION

Joe Tauscher

### CALIFORNIA COOPERATIVE RICE EXPERIMENT STATION

Dustin Harrell

### SEED PRODUCER EX-OFFICIO

Jim Stewart

### BIOTECHNOLOGY EX-OFFICIO

George Gough

### UNIVERSITY OF CALIFORNIA

Luis Espino



CALIFORNIA RICE COMMISSION

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President & CEO

**PAUL BUTTNER**  
Manager of  
Environmental Affairs

**KIM DEVINCENZI**  
Finance &  
Administration Manager

**ROBERTA FIROVED**  
Industry Affairs Manager

**LUKE MATTHEWS**  
Wildlife Programs Manager

**KATIE CAHILL**  
Communications Manager

**SUMMER LANE**  
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