

2022

ADVOCACY REPORT



Almond Alliance

almondalliance.org
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THE VOICE OF AMERICAN ALMONDS LEADING WITH SOLUTION

The Almond Alliance is the leading authority in state and national policy, championing American almond farmers, industry, and community for the continued global growth, innovation, and success of American almonds and agriculture.

Established in 1980, the Almond Alliance is a non-profit trade association with a local and international network of almond processors, hullers/shellers, growers, and allied businesses. The Alliance is dedicated to providing resources and solutions for our members, ensuring opportunities for industry success and growth.

MISSION

As the leading authority in state and national policy, we are dedicated to translating the needs of our industry into solution-oriented policies. The Almond Alliance champions almond farmers, industry, and community for the continued global growth, innovation, and success of American almonds and agriculture worldwide.

VISION

To be the premier authority and champion of the almond industry, ensuring the steadfast resilience and success of American agriculture.



BOARD OF DIRECTORS



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Campos Brothers Farms

MESSAGE FROM OUR CEO

“The Almond Alliance - the voice for the almond industry and community in Sacramento, Washington D.C., and beyond.”

The Almond Alliance has the privilege of serving the farms, families, industries, innovators, and consumers of the American almond community.

By the numbers, American almonds command respect. One of the largest agricultural exports of the United States, in 2022, we saw almonds assume their proper place of influence in California and American agriculture.

Breaking the cycle of passive acceptance, the Almond Alliance positioned itself proactively on critical issues by leading with our own achievable solutions. We didn't wait for someone else to do something. We didn't wait on the government to solve the problem; we stepped forward and leveraged our might, expertise, creativity, and savvy to build our own solutions.

I could tell you how many meetings we attended, how many trips to Washington, D.C., we took, how many tours we hosted, and how many letters we signed. But that's our job, and that's what you should expect from any of your trade associations.

In this advocacy report, you'll see not only what we did but how we did it. Giving you insight into the strategy and innovation the Alliance deploys on your top priorities to bring valuable solutions and resources to you on the ground - keeping our farmers farming, hullers and shellers hulling and shelling, and our processors processing.

Listening to our members, our committees, and the Board of Directors, the Alliance identified 2022 priorities as a Functioning Supply Chain and Reliable Water Supply. While we can't make it rain, the Alliance's credibility, legitimacy, and relevance translated into Influence among key decision-makers, stakeholders, and partners, getting us a seat at the table and allowing almonds to lead like never before, bringing industry-designed solutions to policy and programs at the state and federal levels.

Almonds are unique and powerful. If we want to be treated differently, we must act differently.

As we turn our eyes to the 2023 season, Almond Alliance has a clear path forward - expanding our team to expand our presence - putting almonds in more places at once, and putting your voice in the room. By concentrating our efforts on the state side and expanding our federal operations, the Almond Alliance leads our industry and community to new heights - so no matter the challenge, almonds have a voice to bring solutions for our growers, our industry, and our community.



Aubrey Bettencourt
President & Chief Executive Officer



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SUPPLY CHAIN SOLUTIONS

Arguably the most important issue affecting our industry and community in 2022 has been supply chain disruption.

Already stressed, the global supply chain finally broke under the additional pressures of the Covid-19 pandemic lockdowns affecting port labor and massive swings in demand for imported products. The pandemic sparked a 20% surge in U.S. imports from Asia, straining the availability of container ships and overwhelming American ports. In many cases, demand for Asian goods is so high that containers sitting at U.S. ports are shipped back empty to Asia so that they can be quickly refilled with goods bound for the U.S.

The supply chain crisis cost California's growers 17% of their export sales from May to September 2021. Exacerbated by the policies and changing economies due to the response to Covid-19 global pandemic, port, and intermodal congestion left exporters, including American farmers, struggling to get products to global markets. Unpredictable sailings, ocean carriers denying American cargo, and skyrocketing freight costs increased per container by nearly 100% in less than a year.

Throughout 2021 the Almond Alliance engaged directly with state and federal officials, the Port of Oakland, and strategic partners in the Ag Trade Coalition. But while the Newsom and the Biden-Harris administration's assembled task forces of respective agencies - United States Department of Agriculture (USDA), Department of Transportation (DOT), California Department of Food & Agriculture (CDFA), GoBiz - Congress, led by California Representative John Garamendi (D-CA), tried to move much-needed maritime legislation through the Congress. Soon it became clear that despite efforts, the government wasn't going to move nuts. As the third largest agricultural export of the United States, for the Almond Alliance, this would not stand.

By the Spring of 2022, American almonds had nearly 900 million pounds of almonds carried out from the 2021 season heading into the 2022 season, 48% higher than the previous year and the equivalent of 34,000 shipping containers. As a result, the price degradation of American almonds over the course of 6 months was \$2 billion. Because sold products had not shipped or been paid for, California's almond industry- processors, hullers, shellers, and growers - was facing a devastating cash flow crisis and pending decision economic crisis throughout the community.



Three-Prong Approach: First, Define the "Ask"

Knowing what you want is the first step to getting it.

Almond Alliance convened a Tiger Team of members from every step of the supply chain - on the farm, huller/sheller/processor, handler, international sales, and logistics. Utilizing the impeccable data collected by the Almond Board of California, the Tiger Team identified two simple asks that would immediately provide supply chain functionality.

We asked that that administration act as the lead negotiator, convening a meeting with carriers to negotiate the following:

1. Make available the necessary number of containers and required equipment, and
2. Commit to adequate receiving windows (2-4 days)

Identifying what to ask for, specifically and directly, is often the most missed opportunity in advocacy. By being direct and reasonable, no matter what the politics, you offer the opportunity for anyone involved to be a partner in a solution and a winner.

Three-Prong Approach: Second, Control the Narrative

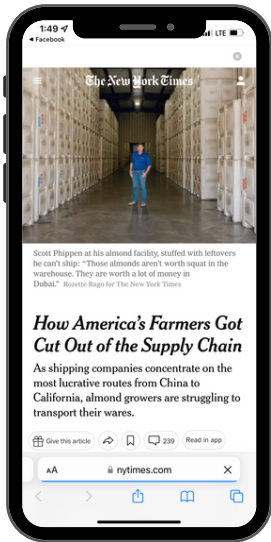
If we're going to go down, everyone needs to know exactly what happened.

Supply chain disruption and its effects on the American consumer was already a dominant news narrative heading into Christmas 2021. However, the narrative being told was from the importer's perspective, and while just as disruptive to the American economy and agriculture as a whole, little attention was being paid to the absolute crisis that was American agricultural exports being left on our shores.

Enter the Outlaws - the Almond Alliance's hired media and strategic communications team tasked with taking control of the narrative, selling our "asks," and ensuring decision-makers at the state and federal levels are well aware and informed of the Alliance's credible leadership in the space.

The Outlaws ran a 60-day media campaign intending to bring attention to the crisis, all while controlling the narrative.



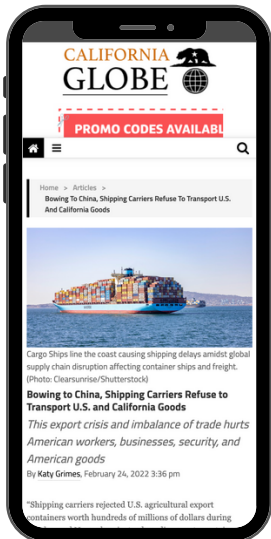


In less than 60 days, we had taken an issue that no one was talking about and had turned it into national news, being featured on the front page of national publications, including *The New York Times*, the *San Francisco Chronicle*, and was featured on CNBC. This campaign reached:

an audience of
77,070,175

a publicity value of
\$1,157,688

Coordinated perfectly with our government affairs, the supply chain crisis and solutions needed for American agriculture and American almonds were carried into the halls of Congress in specific meetings with allies on both sides of the aisle, who then echoed the Alliance's asks in press releases, statements, and letters. Culminating with a letter from Senators Feinstein and Padilla to the five largest ocean carriers demanding they meet with American agricultural interests, including the Alliance, to discuss making adequate equipment and receiving windows available immediately.



Modern advocacy goes far beyond just “telling our story,” education, and responding. Truly effective strategic communications, now internal at the Alliance, anticipates, initiates, and communicates clearly exactly what our community and industry needs to exactly the right audience, soliciting the desired outcome

Three-Prong Approach: Third, Leverage Industry Assets

Almonds are one of, if not the most sophisticated and advanced farming and food processing industries in the world. With strategic partnerships, unique histories, and even contracts reaching back 100 years, the almond industry has more leverage than we may know, so in developing supply chain solutions, we put ourselves to the test and flexed our industry's muscle.

Leveraging the support of our dynamic membership, such as Blue Diamond Growers' century-old contract with the Union Pacific Railroad, and along with the sheer numbers and size of the American almond community, the Alliance now coordinates a new network of allied industries across the supply chain, including trucking and global logistics firms, inland rail spurs, major retail importers, ports nationwide, and the five largest ocean carriers in the world including CMA CGM, OOCL, MSC, Maersk, and Evergreen.

Conveying this new network regularly, the Almond Alliance has allowed for direct connection

from handler to carrier, real-time troubleshooting, continuously improving data sharing and real-time communication, and negotiating baseline rates for all almonds and California dried fruits and nuts.

Bringing these relationships into direct contact, industry to industry, and informing and educating about the on-the-ground considerations will forever be a role of the Alliance for the continued growth and success of the American almond industry.

All Aboard the Almond Express

By opening multiple modes of transportation and multiple ports of export, the Almond Alliance and allies created new and independent options, achieving our requests.

✓ **Convened a meeting with the carriers**

Pressure from media and elected officials, combined with industry leverage, opened new direct relationships between shippers and carriers that previously had not existed.

✓ **Negotiate the availability of equipment**

By partnering with rail and retail importers, almonds created “new” demand for empty containers being evacuated from the interior of the US, stopping for almonds on their way to the ship at the Port of Los Angeles or Port of Long Beach.

✓ **Negotiate adequate receiving windows**

By shifting to rail, almonds nearly eliminated the issue of shorted receiving windows by going rail direct to dock; prioritizing the loading of product that arrives at the port by rail over truck. Additionally, shifting volume from truck to rail and grabbing empties at private inland rail spurs and yards relieves port congestion statewide and alleviates stress on our trucking allies.



The Almond Express - open to all export agricultural commodities and partner industries - now runs two trains a week from Northern California’s spur a the Port of Oakland and Central Valley’s Fresno Area Spur to the Port of Los Angeles and Port of Long Beach. Multi-modal and multi-port continue to provide optionality, which is resilience for our shippers in the face of outside forces disrupting the supply chain.

Supply Chain Continues

Almond Alliance’s efforts galvanized the industry and rocked the supply chain world. Despite starting 2022 with devastating carryout and service cancellations off the West Coast, almonds experienced four of their largest export months in history 90 days after the Alliance launched its campaign.

While volume continues to move and the supply chain is by no means solved, in 2023, we have new partners nationwide and worldwide, new multimodal and multiport options, and a path forward out of the crisis that we did not have before.

FREEZE 2022 & DISASTER PROGRAMMING

2022 started off unseasonably warm bringing about an early bloom. Then BAM - a severe freeze nailed the northern half of the state fairly hard in late February of 2022. The Alliance deployed immediately, calling a network of members across the 16 almond-growing counties to assess the damage, connected with county ag commissioners to begin aggregating data to be reported through the CDFA and California Office of Emergency Services requesting and receiving a disaster declaration from USDA's Farm Service Agency and Risk Management Agency.



This freeze resulted in reported value damage and loss totaling 230,101 acres and \$702,473,508, predominantly devastating the harvest in the Central and Sacramento Valley.

Through this process, the Alliance discovered that first-year harvest is not covered by USDA Noninsured Crop Disaster Assistance Program (NAP), nor eligible for crop insurance. Damage and loss to these juvenile trees bearing their first harvest are estimated at 72,842 acres and \$169,485,104.

While over 70% of almond growers carry some form of insurance, it is inconceivable how almonds in Idaho are covered by NAP but not in California. Coordinating with USDA and allies in Congress, the Alliance leads the effort to establish coverage for juvenile trees by 2023.

Emergency Relief Program

2022 saw the rollout of a “new” disaster relief program from USDA. The Emergency Relief Program (ERP) aimed to help agricultural producers offset the impacts of natural disasters in 2020 and 2021. Despite many efforts, ERP did not cover the freeze of 2022; highlighting the frustrating fact that without a standing disaster framework or program, federal assistance programs are always a year behind.

Rolled out in two phases for insured and uninsured registered growers, ERP provided crucial assistance to drought-stricken growers throughout the state, totaling 5,249 approved applications and \$34.63M in payments, second only to grapes at \$62.5M.

ALMONDS AS A STAPLE - USAID & WIC

As 2022 saw such global challenges as extensive drought across five continents and the war between Russia and Ukraine, adding additional pressures on the already dysfunctional supply chain, the Almond Alliance saw an opportunity in the chaos.

The nutritional benefits and natural stable attributes of American almonds are undeniable. Almonds are highly shelf-stable, plant-based protein in consistent supply to offer critical nutrients in the face of domestic food insecurity and global food shortages.



Working with partners at the Almond Board of California and allied members of congress, the Almond Alliance applied for the addition of Almonds and Almond Products to USDA's WIC program and USAID's Ready-to-Use Therapeutic Food (RUTF).

USDA's WIC program safeguards the health of low-income pregnant and breastfeeding women, infants, and children who are at risk of poor nutrition by providing nutritious foods to supplement their diet.

USAID's RUTF program is a life-saving formula to help children six months or over who are suffering from severe acute malnutrition.

Inclusion into these programs further establishes American almonds as a staple protein and foundational nutrition item - not merely a luxury item - in the global diet.

NEW MARKETS FOR ALMOND HULLS

The Almond Alliance was the recipient of a grant from USDA under the Technical Assistance for Specialty Crops (TASC) program to develop and establish new and expanded export markets for whole almond hulls as a feedstuff for the dairy industry in Asia. Given the expanding almond industry in California and the valuable co-products from growing almonds - the almond hulls - it is the objective of this TASC project to expand market access to China and Korea and open markets in other Asian countries.

While we initially presented and completed the almond hulls as a silage adjunct for dairy application, target country end users in the swine and poultry sectors noted the high sugar content and amino acid profile of almond hulls. Thus, having completed the original objective of expanding new export markets for whole almond hulls for the dairy sector across Asia, we expanded the scope of the project to include non-ruminant applications as an energy feed concentrate. As the swine and poultry sectors in target countries are exponentially larger than the dairy sectors, we concluded that it is in the interest of our

members and the almond industry, in general, to respond to this significant potential demand and end users' specific requests by conducting feed trials and producing performance analyses for these important feed sectors.

Working with our partners Dankook University, Cheonan Campus Animal Research Center & MOABIOTECH CO., LTD, we analyzed the effect of dietary Almond hull on growth performance in four non-ruminants: lactation sow, growing pig, weaning pig, and broiler.

Learn more about this project at almondalliance.org/almond-hulls.

2022 FEDERAL LEGISLATIVE RECAP

As we look back on 2022, many efforts on Capitol Hill have been 'marker bills' that are not expected to pass Congress in the current political climate but are introduced as a placeholder and set the stage for upcoming packages, such as the Farm Bill.

Inflation Reduction Act of 2022 (IRA)

One of the most extensive packages passed last year was the Inflation Reduction Act (IRA) of 2022, formerly known as the Build Back Better Act (BBBA). The bill was done through the budget reconciliation process, which underwent extensive negotiations and was finally reworked and passed, totaling approximately \$770 billion. A simple majority passed the bill due to reconciliation process rules, with Vice President Harris casting the deciding tie-breaking vote in the Senate, followed by the House passing the bill along party lines with a 220-207 vote.

The final bill included nearly \$40 billion for agriculture, forestry, and rural development. This includes:

- \$20 billion in funding for the Agricultural Conservation Easement Program (ACEP), Conservation Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), and Regional Conservation Partnership Program (RCPP), plus technical assistance.
- \$14 billion for rural development to support the development of renewable energy and spending on biofuels infrastructure.
- \$4 billion to mitigate the impacts of drought in the Western Reclamation states, with priority given to the Colorado River Basin and other basins experiencing comparable levels of long-term drought.

In total, EQIP was appropriated \$8.45 billion, RCPP was appropriated \$4.95 billion, CSP was appropriated \$3.25 billion, and ACEP was appropriated \$1.40 billion.

Over the next four years, the IRA will invest 9.35 times the funding previously included in the 2018 farm bill for the four working lands programs, which brings an interesting

dynamic as we approach farm bill negotiations. There are some concerns and speculations that the passage of IRA could delay farm bill negotiations even further as leaders in the Democratic-controlled Congress have achieved many of their climate/conservation that could be done within the farm bill under IRA and have been leaning heavily on the Administration to achieve their nutrition priorities which doesn't leave much left on the table for them to have an appetite to negotiate further as those are their highest priority areas in the farm bill.

Ocean Shipping Reform Act (OSRA)

Aside from sweeping packages such as the IRA being passed, one of the fastest standalone pieces of legislation to move through both chambers and have been signed by POTUS was the Ocean Shipping Reform Act due to the massive pressure applied from the agriculture industry and the almond industry in particular.

The bill was born out of Congressman John Garamendi's (D-CA) office along with Dusty Johnson (R-SD), followed by a Senate bill introduced by Senator Amy Klobuchar (D-MI) and Senator John Thune (R-SD) and was passed by both chambers with overwhelming bipartisan support then expeditiously signed into law by President Biden on June 16, 2022. The Almond Alliance was invited and on-site at the White House for - a first for the Alliance!

The bill focused on overcoming unfair practices by the ocean shipping industry and granted appropriate authority to the Federal Maritime Commission (FMC), allowing them to take action on ocean carriers.

Of many provisions, the bill would ultimately:

- Expand safeguards to combat retaliation and deter unfair business practices;
- Clarify prohibited carrier practices on detention and demurrage charges and vessel space accommodation;



- Establish a shipping exchange registry through the FMC;
- Expand penalty authority to include a refund of charges; and
- Increase efficiency of the detention and demurrage complaint process.

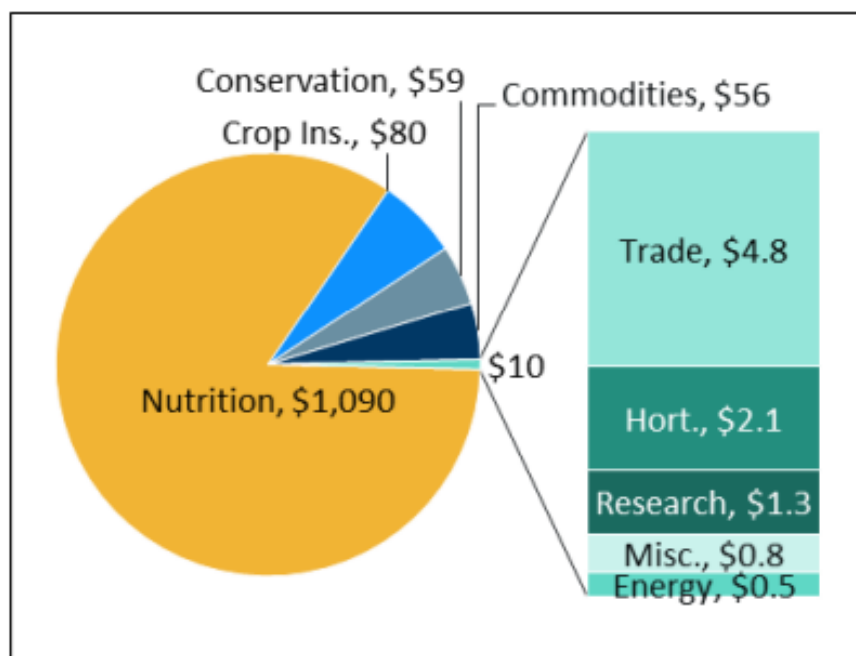
Following the passage, attention by involved ag groups have been turned to implementing the provisions by the Federal Maritime Commission (FMC) through public solicitations and rulemaking processes.

LOOK AHEAD – FARM BILL 2023

As we look ahead to 2023, we can expect significant legislative and regulatory efforts that can change the scope of agricultural policy and industry priorities. The primary vehicle for that is the 2023 Farm Bill.

The Farm Bill goes back nearly 100 years and continues to evolve to meet the ever-growing demand of not only modern-day farmers but also consumers. It is reauthorized every five years, with the last reauthorization happening in 2018. The Farm Bill is made up of 12 titles which cover sweeping food and agricultural policies from farm program payments and nutrition to conservation initiatives and rural development.

As political and economic tensions continue to rise, 2023 Farm Bill negotiations are beginning at an interesting time. The landscape and uncertainty on all fronts make this Farm Bill unique, with the opportunity to bring more impact and influence than ever before.



The Congressional Budget Office (CBO) released a Farm Bill Baseline report in May of 2022, which projects the Nutrition title to be 84% of the 2023 farm bill funding baseline, compared with about 76% when the 2018 farm bill was enacted and 67% in the 2008 farm bill. Approximate projections for other titles in the 2023 Farm Bill are Crop Insurance at 6%, Conservation at 5%, Commodities at 4%, Trade at 0.4%, and Other Titles at 0.4%.

Although the drafting of language has not yet begun on Capitol Hill, some major themes to look out for in this next farm bill pertinent to our priorities are expected to include (but are not limited to):

- Disaster aid and/or expansion of crop insurance to better include affordable coverage options for specialty crops
- Voluntary and incentive-based conservations and climate programs
- New and unique nutrition opportunities, such as a permanent food box program for fruits, nuts, and vegetables
- Trade promotion programs, including the Market Access Program (MAP), the Foreign Market Development (FMD) Program, Technical Assistance for Specialty Crops (TASC), and others

The potential for the House to flip and obtain a Republican majority adds a layer of uncertainty in the landscape of negotiations and the timeline of the farm bill process. Over the last year, we have seen field hearings from Senate and House Ag Committee Leadership reaching all corners of the nation. Should the house flip, there is some speculation that would-be house majority leader, GT Thompson (R-PA) would start the process over to conduct his own field hearings. This would set the timeline back, indicating Congress would pass an extension of the current farm bill to buy additional time.

With an upcoming potential split control of Congress, we could anticipate the Biden Administration to rely heavily on regulatory efforts to achieve goals on their political agenda. That being said, all eyes are on FDA, USDA, EPA, DOI, and other regulatory agencies as we approach the new year.

NOTES: Other bills and efforts to keep an eye on: Appropriations – CR, Dec 16th – crop insurance, disaster aid (depending on what gets accomplished here, could change the dynamic of farm bill negotiations), FIFRA reauth + PRIA 5 reauth, WIIN Act, WRDA reauth, Growing Climate Solutions Act, New & Existing Trade Agreements.



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STATE LEGISLATION

The 2021-2022 legislative session has come to a close.

In the last week alone, there were over 1,000 bills dispensed in the California State Senate and Assembly. Yes, 1,000. Even high-ranking state officials expressed their frustration with the amount of legislative business left to the last minute. But this is, as it would seem, par for the course for the legislature.

When all was said and done, the Governor signed 997 bills into law and vetoed 169 bills. The end is always just the beginning.

For much of the legislation that becomes law, it is up to the executive agencies for interpretation and implementation. This is where the idea becomes reality and where the rubber meets the road for all of us on the ground whom such laws, regulations, programs, and projects affect.

This is just as important as our legislative advocacy work.

Almonds' position, credibility, legitimacy, and relevance are key to the work we do and how we help navigate the legislative process.

This legislative season has gone, for the most part, exactly as we anticipated.

Almond Alliance Tracked Bills

AB 2133

(Quirk) California Global Warming Solutions Act of 2006: emissions limit.

This bill requires the California State Air Resources Board to ensure that statewide greenhouse gas (GHG) emissions are reduced to at least 55% below the 1990 level by no later than December 31, 2030. **Status: FAILED. HELD ON SENATE FLOOR.**

SB 1084

(Hurtado) Agricultural land: foreign ownership and interests: foreign governments.

This bill prohibits foreign governments and their state-controlled enterprises, as defined, from newly acquiring an interest in agricultural land in California after January 1, 2023. This bill also requires the California Department of Food and Agriculture to compile an annual report on the extent of, and any recent changes in, foreign ownership over agricultural land, water rights, water desalination facilities, energy production, energy storage, and energy distribution in California, including any possible impacts on Californians' food security. **Status: FAILED. VETOED BY GOVERNOR.**

SB 846**(Dodd) Diablo Canyon powerplant: extension of operations.**

This bill authorizes the extension of the operation of the Diablo Canyon Nuclear power plant (DCPP) beyond the current expiration dates for up to five additional years (no later than 2029 and 2030). This bill also authorizes a loan of \$1.4 billion from the state to Pacific Gas & Electric, the operator of DCPP, to facilitate the extension of the plant.

Status: SIGNED BY GOVERNOR.

SB 905**(Caballero) Carbon sequestration: Carbon Capture, Removal, Utilization, and Storage Program.**

This bill establishes a framework for capturing, utilizing, and storing compressed carbon dioxide, a greenhouse gas. **Status: SIGNED BY GOVERNOR.**

AB 2183**(Stone) Agricultural labor relations.**

This bill would enable farm workers to choose, for the purpose of union elections, between the current practice of voting in-person at a physical location or utilizing a new option to vote by mailing or dropping off a ballot card to the relevant Agricultural Labor Relations Board office. **Status: SIGNED BY GOVERNOR.**

AB 1279**(Muratsuchi) The California Climate Crisis Act.**

This bill declares it the state's policy to achieve net-zero greenhouse gas (GHG) emissions as soon as possible, but no later than 2045, to achieve that goal with at least an 85% reduction in GHG emissions, and to achieve and maintain net negative GHG emissions. The bill also creates requirements for reporting from the California Air Resources Board and review by the Legislative Analyst's Office. This bill is contingent upon the enactment of SB 905 (Caballero).

Status: SIGNED BY GOVERNOR.

SB 260**(Wiener) Climate Corporate Accountability Act.**

This bill requires any U.S.-based business with annual revenues in excess of \$1 billion, and that does business in California to annually report the full range of greenhouse gas emissions attributable to the business, including direct emissions, electricity use, and indirect emissions from the business's supply chain and other sources. The bill also specifies procedures for implementation and enforcement by the Air Resources Board and the Secretary of State. **Status: FAILED. HELD ON SENATE FLOOR.**

AB 1757

(C. Garcia/R. Rivas) California Global Warming Solutions Act of 2006: climate goal: natural and working lands.

This bill requires the Natural Resources Agency, in collaboration with specified entities to determine on or before January 1, 2024, an ambitious range of targets for natural carbon sequestration and nature-based climate solutions, that reduce greenhouse gas emissions for 2030, 2038, and 2045, to support state goals to achieve carbon neutrality and foster climate adaptation and resilience. **Status: SIGNED BY GOVERNOR.**

Almond Alliance Priority Bills



AB 2101

(Flora) California Carbon Sequestration and Climate Resiliency Project Registry: whole orchard recycling projects.

This bill expands the list of projects that may be included on the registry to include whole orchard recycling projects. The bill defined “whole orchard recycling” to mean the onsite grinding or chipping of whole trees during orchard removal and incorporation of the ground or chipped biomass into the topsoil prior to replanting. **Status: SIGNED BY GOVERNOR.**



AB 2146

(Bauer-Kahan) Neonicotinoid pesticides: prohibited nonagricultural.

This bill beginning January 1, 2024, prohibits a person from selling, possessing, or using a neonicotinoid pesticide, except for use on an agricultural commodity.

Status: FAILED. VETOED BY GOVERNOR.



AB 2201

(Bennett) Groundwater sustainability agency: groundwater extraction permit.

This bill requires a groundwater sustainability agency (GSA) in a critically overdrafted basin to establish and implement a process to issue permits for groundwater extraction facilities within the GSA’s jurisdiction by July 1, 2023, unless the facility is exempted due to groundwater being used for domestic, environmental, existing, or renewable energy purposes. **Status: FAILED.**

HELD ON SENATE FLOOR.



AB 2550

(Arambula) State Air Resources Board: San Joaquin Valley Air Pollution Control District: nonattainment.

This bill would require the California Air Resources Board to undertake certain activities if the San Joaquin Valley Air Pollution Control District does not attain the National Ambient Air Quality Standards established by the U.S. Environmental Protection Agency. **Status: FAILED.**

VETOED BY GOVERNOR.

AB 2406

(Aguilar-Curry) Intermodal marine terminals.

This bill would also prohibit an intermodal marine container provider from imposing those charges, extended dwell charges, or commencing or continuing free time, as defined, on a motor carrier, as defined, beneficial cargo owner, or other intermediary relative to transactions involving cargo shipped by intermodal transport under certain circumstances. This bill would also prohibit an intermodal marine container provider from commencing or continuing free time if cargo is unavailable for retrieval and timely notice of cargo availability has not been provided. **Status: SIGNED BY GOVERNOR.**

AB 2836

(E. Garcia) Carl Moyer Memorial Air Quality Standards Attainment Program: vehicle registration fees: California tire fee.

This bill extends from January 1, 2024, to January 1, 2033, the repeal date applicable to various provisions of law that authorize local air districts to collect a variety of fees to fund the Carl Moyer Memorial Air Quality Standards Attainment Program and the Waste Tire Management Program. **Status: SIGNED BY GOVERNOR.**

SB 490

(Caballero) The Buy American Food Act: public institutions: purchase of nondomestic agricultural food products.

This bill requires a public institution that receives federal meal reimbursement funding to provide prepared meals to include in their solicitation for bids and contracts that only the purchase of agricultural food products grown, packed, or processed domestically is authorized unless, among other things, the bid or price of the nondomestic agricultural product is more than 25% lower than the bid or price of the domestic agricultural product. **Status: SIGNED BY GOVERNOR.**

A WIN for the Almond Alliance



FINAL STATE BUDGET HIGHLIGHTS

 **\$1.2 billion for port-related projects that increase goods-movement capacity on rail- and roadways serving ports and at port terminals, including rail yard expansions, new bridges, and zero-emission modernization projects.**

 **\$30 million to be used by the Governor's Office of Business and Economic Development to fund operational and process improvements at ports.** Grants will focus on enhancing goods movement, reducing congestion, improving data interconnectivity between ports, and creating opportunities to increase cargo volumes by promoting and building supply-chain efficiencies.

Specifies that \$75 million provided in the budget to the Office of Business and Economic Development is for Small Business Drought Relief Grants, with any unspent funds being allowed to be repurposed for semiconductor research, development, or manufacturing.

\$0.3 million to CDFA for the Origin Inspection Program.

 **\$1.08 million to CDFA and \$1.08 million to the Department of Pesticide Regulation for integrated pest management technical assistance.** Woefully understaffed and backlogged, DPR needs to staff up to approve renewals and new plant health products in a timely manner.

\$56 million for the Sustainable Groundwater Management Act, including technical assistance for small farmers.

 **\$16.75 million ongoing for Forecast Informed Reservoir Operations.** Allows reservoirs to be operated in real-time based on real weather conditions, getting us off the antiquated calendar-based system!

\$25 million to support the Food Production Investment Program at the CEC.

\$100 million to support Oroville Pump Storage. New hydropower investment at California's largest State Water Project.

 *A WIN for the Almond Alliance*

OTHER PRIORITY KEY ISSUES

POLLINATORS

The Bee-Fish & What's Next

As if comedians didn't have enough to say about our state, the California Supreme Court just approved letting the state determine whether a Bee is a Fish. A California Bee-Fish.

The case followed a petition by Xerces Society, a Portland, Oregon-based organization, that requested the California Fish and Game Commission to list four bees as endangered under a provision of the California Endangered Species Act designed for "fish species."

As the California Fish and Game Commission voted to begin the listing process, a concerned group of farmers and organizations sued to protect millions of dollars in working land pollinator habitat and tens of thousands of jobs tied to our agricultural communities.

At first, the Sacramento County Superior Court ruled the definition of "fish" only encompasses aquatic invertebrates, not terrestrial invertebrates such as insects. The Third District Court of Appeal later overturned this.

This past month, the California Supreme Court sided with California's Third District Court of Appeal that the California Endangered Species Act can let bees and other insects be listed under the threatened, endangered, or candidate species under the definition of "fish species."

This decision lets the California Fish and Wildlife determine whether to list four bumblebee species, the Crotch, the Western, the Suckley Cuckoo, and the Franklin, as endangered.

Listing these species violates trust and goodwill with the almond farmers who've invested in developing the nation's largest working land pollinator habitat - 160,000 acres - disincentivizing any good pollinator support practices made by anyone in the farming or conservation community.

It renders the millions of state and federal dollars for pollinator habitat and protection absolutely wasted.

It undermines the retailers, food brands, and consumer efforts to purchase or support pollinator-friendly products.

The court ruling itself is ridiculous, as it changes the meaning of words in our society and, in this instance, makes insects eligible for protection under the law. Now cockroaches are eligible, lice are eligible, and spiders are eligible.

This requirement will extend beyond our farms - affecting every effort to develop housing, critical infrastructure, and water supply systems. It will even pose a threat to the Build Back Better funding projects.

Farmers, builders, homeowners, and construction workers will have to stop to identify every bee - to see if it is a California Bee-Fish. Should the California Bee-Fish be listed, complying with the law may require us to violate it, harassing every bee we see to identify it correctly.

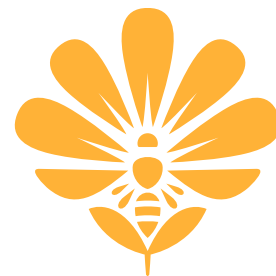
So what's next...

As ridiculous as the court ruling is, this is about supporting our pollinators, bees, and more. As the state enters its review period, the Alliance is meeting with state and federal agriculture and fish and wildlife to develop science-based approaches that incorporate ongoing pollinator support practices and investments on farms.

Pollinator Alliance - New Program with Great Valley Seeds

For nearly 30 years, California's almond farmers have been global leaders in pollinator health. Leading in investment in research and the development and implementation of best management practices as industry standards to protect and provide for pollinators on farms.

Almond farmers, bees, and other pollinators are the perfect ecological partner, providing for each other's well-being and continued success.



POLLINATOR ALLIANCE
AN ALMOND ALLIANCE INITIATIVE

Leveraging their strength and natural resources, California's almond farmers continue their commitment to installing on-farm habitats to provide safe, healthy environments needed for native and managed pollinators to thrive.

The Almond Alliance and Great Valley Seed have partnered, farmer to farmer, to develop native plant and seed supplies and make them easily accessible to California's almond growers to expand pollinator habitat on 7,600 working farms.

This partnership allows California agriculturalists to harness their experience, expertise, and commitment to developing new capacities to install habitats for pollinators on agricultural working lands.

Almonds lead the nation in **Bee Friendly Farming** acreage certified by *Pollinator Partnership*; over 135 almond farms have planted 160,000 acres of pollinator forage and habitat on and around orchards in just the last two years. California's 7,600 almond farms covering 1.3 million acres across 16 counties are ideal homes for pollinators. With 90% of these farms family owned and operated, 70% on less than 100 acres, intimately connected to the land and dedicated to economic and environmental success, ranging from small farmers to

scaled operations, California's almond farmers are the perfect pollinator partners.

This farmer-to-farmer solution, the Almond Alliance and Great Valley Seed Pollinator Habitat Partnership harnesses the sophistication and excellence of California's almond farmers to grow habitat, promote pollinator health and biodiversity, and further develop native seed and nursery stock for continued habitat restoration on California's working lands.

Pollinator Habitat Program

Having spearheaded the effort in the state legislature and with the office of the governor to create an on-farm pollinator habitat program, the Alliance followed through to complete the development and release of CDFA's Pollinator Habitat Program. The Pollinator Habitat Program was established by the Budget Act of 2021 (Senate Bill 170, Skinner), allocating \$15 million to CDFA to provide grant funding for the establishment of pollinator habitat on agricultural lands throughout California. CDFA was directed to administer the Pollinator Habitat Program and to prioritize the planning of native habitats for the benefit of native biodiversity and the use of locally appropriate native plant seed mixes when feasible.

TRADE

Trade is about to take Tier 1 status on our priority list. Trade, along with supply chain functionality, is crucial for the continued success of our industry and community. While supply chain disruption keeping American almonds off international shelves continues to be a looming concern, global drought may drive up demand for shelf-stable proteins. Getting it shipped is one thing; having somewhere to ship it to is another!

The Alliance continues to solidify its presence as one of the largest agricultural exports of the United States, having joined with **Farmers for Free Trade** on several initiatives this year and looking toward 2023 to elevate almond's gravitas and needs to define and accomplish workable solutions to expand export opportunities for our product.

PROP 65/ACRYLAMIDE IN ALMONDS

In an unexpected and rare turn of events, the OAL disapproved of OEHHA's rulemaking about exposures of acrylamide in cooked or heat-processed foods. OEHHA previously submitted to OAL for final approval the initial rulemaking that many industry stakeholders supported, including the Alliance, as the proposed rule could actually help businesses comply with Prop 65 and avoid bounty hunters.

We believe the only solution is to revisit the option to establish an ARL for almonds based on NHANES consumption data which was already shared with OEHHA, as well as

the fact that acrylamide formation is unavoidable in light of other regulatory requirements related to food safety (pasteurization). The Alliance continues to engage OEHHA with allied industries and partners, such as the Ag Council, CalChamber, the Almond Board of California, and processors within our industry.

PLANT HEALTH

1, 3-D Telone Fumigation: Actively engaged with the Department of Pesticide Regulation, the Almond Alliance provided a network of farmers and industry members as a resource to develop workable solutions for almond growers throughout the Pilot Project and proposed risk mitigation measures standards being developed by DPR.

SECTION 32

With high inventories on our shores as a result of supply chain disruption, the Almond Alliance requested and received a Section 32 designation from the USDA to buy surplus almonds to be distributed through various federally funded food programs. With technical assistance from the Almond Board of California, as many as 26.6 million pounds of almonds have found their way into this year's federal food programs. School children and others benefitting from food nutrition programs all across the country enjoyed California almonds this year, thanks to their inclusion in this federal ag marketing effort.

An established and consistent partner, USDA continues to call on Almond Alliance for assistance in Section 32 program extensions and variations to provide shelf-stable and consistent proteins to the nation.

A NEW VISION FOR CALIFORNIA'S WATER

Water Supply Reliability & Drought

It's 2022...It's still dry. Reservoirs and a water system designed to last three years of drought went dry in two years. Voluntary water conservation requirements were issued too late and did too little, highlighting further the outdated physical infrastructure and management policies stressed by changing environmental and urban demand.

The vast majority of State and Federal water agricultural water users North and South of the Delta entered the 2022 water year with a ZERO percent surface water allocation. Directly affecting crop decisions, our North State community saw the worst water year in its history.

This is a movie that's become all too familiar for Californians, especially farmers. We need to know what happens when it rains so that we can get out of this current drought, and we

need to know the rules and tools by which we will operate the system long-term so we can plan ahead.

This is a turning point. We can continue down the path of managing from crisis to crisis, wearing out the same old rhetoric, the profiteers perpetuating the problem while praying on hopelessness and misery. Or we can position, lead, and demand we get it right. The Almond Alliance chooses the latter.

Groundwater & Sustainable Groundwater Management Act

The Almond Alliance, in partnership with Western United Dairies, secured from the California Department of Water Resources \$510 million. \$250 million specifically for farmers to lead in a voluntary, temporary, and compensated fallowing program to protect shallow drinking water wells and groundwater basins in our rural and disadvantaged communities. This program also serves as a critical new tool to assist farmers in achieving SGMA compliance, providing land management flexibility beyond permanent land retirement or loss of property value, giving our farmers the credit they deserve for their investment in solutions, and a path forward for a 2040 post-SGMA world.

Surface Water

Uncertainty has come to define our Western Water Systems, once designed to create drought safety and water supply certainty. The Federal Central Valley Project and California State Water Project operations remain relatively ad hoc and are now engaged in the statewide Voluntary Settlement Agreements, while the Colorado River system is coming to terms with a 20-year drought spanning seven states, including California.

There's no making it rain. However, there is a vital need for operational clarity; to know what the plan is to operate the system for drought recovery, not merely drought response.

The Alliance spent the year meeting regularly with our state and federal water authorities - California's Department of Water Resources and the US Bureau of Reclamation, water district General Managers and Directors, and Groundwater Sustainability Managers - developing critical relationships to assist in their greater understanding of the real-life conditions on the ground, decision-making processes of our farmers and land managers, and the needs of our farmers and industry as it relates to the operational and regulatory requirements of our water managers.

Western water infrastructure was not left out of the billions of federal dollars flowing out of Washington this year.

- The Bipartisan Infrastructure Law (BIL) provided \$8.3 billion in funding under Title IX (Western Water Infrastructure) to the Bureau of Reclamation (Reclamation). The resources directed to Reclamation under the BIL are more than five times Reclamation's FY2021 discretionary budget, and include Surface Water Storage & Conveyance, Groundwater Storage, Aging Infrastructure, and Water Recycling and Reuse.

- The Inflation Reduction Act included \$4 billion to the Bureau of Reclamation in drought resilience and \$550 million for domestic water programs in disadvantaged communities, and \$12.5 million for emergency drought funding for Tribes.

The Alliance looks forward to assisting the federal government in ensuring these dollars are distributed across the landscape as quickly and as efficiently as possible for maximum return on the taxpayer's investment in updating our critical infrastructure and drought solutions.

Hot off of two Drought Emergency Orders, Governor Newsom announced his California's Water Supply Strategy. Anticipating extreme weather could diminish California's water supply by up to 10% by 2040.

The Strategy Prioritizes:

- Creating storage space for up to 4 million acre-feet of water will allow us to capitalize on big storms when they do occur and store water for dry periods.
- Recycling and reusing at least 800,000 acre-feet of water per year by 2030, enabling better and safer use of wastewater currently discharged to the ocean.
- Freeing up 500,000 acre-feet of water through more efficient water use and conservation, helping make up for water lost due to climate change.
- Making new water available for use by capturing stormwater and desalinating ocean water and salty water in groundwater basins, diversifying supplies, and making the most of high flows during storm events.
- An expedited permitting path for water projects that help regions achieve those targets.

In a statement, the Alliance supported the strategy, stating, *“there is no silver bullet to California's water problems. It takes different solutions, and this plan recognizes that. The Almond Alliance stands behind Governor Gavin Newsom in his work on relieving supply pressures on underrepresented communities and providing water supply certainty. This landmark effort supports our rural communities and ensures a secure food supply for California and the nation.”*

Considering the politics at the state and federal levels and the truly traumatic hydraulic conditions, 2022 wasn't the year to ask for big policy change. But it was the year to lean in with solutions, especially the little things that make a big difference (i.e. Forecast Informed Reservoir Operations, etc.)

Uniquely equipped with federal and state water expertise on staff, the Almond Alliance looks forward to assembling a Water Tiger Team for 2023, to span the expertise and experience of our industry and allies statewide, to lead with industry driven solutions in water policy, programs, and regulation.

Almond & Water - Real Fast Facts

33%

Almonds have **reduced water use by 33% over the past twenty years.**

20-30%

Almonds are **on pace to reduce water use by another 20-30% in the next five to ten years.**

85%

85% of California almond farms **use high efficiency precision irrigation, nearly double the state average** for utilizing this technology.

50%

Approximately **50% of almond farm acreage is suitable for active groundwater recharge.**



ASSOCIATION ACTIVITY

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Federal & State Outreach

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Annual Convention

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PAC Events

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Trainings/Membership Resources

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Communications & Controlling our Narrative

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Coalitions & Partners

FEDERAL & STATE OUTREACH

There's an old saying in politics, "it's not what you know; it's whom you know." At the Almond Alliance, we bring industries' know-how to the people who need to know. Decision makers, thought leaders, elected leaders, appointed officials, and their staff all play a role in designing and implementing the policies and programs that affect our daily lives on the ground or in the huller.

The Alliance works to develop and preserve key relationships at the "decision-making" points in the state and federal government.

Through outreach, meetings, tours, events, and establishing a regular and consistent presence in Sacramento and Washington DC, the Alliance establishes our community's credibility as a trusted source and honest broker seeking solutions.

National Ag Day - Agri-Pulse Ag & Food Policy Summit

Almond Alliance President & CEO Aubrey Bettencourt took the main stage with Pepsi Co, Danone, and Farmer Focus at the National Press Club in Washington D.C., to discuss what we want to see in the next Farm Bill.

USDA-NRCS State Technical Advisory Committee

A 2022 goal accomplished, as the second largest commodity in the state, Almonds took their rightful place as an executive advisor to USDA's State Technical Advisory Committee (STAC) to provide information, analysis, and recommendations to officials of USDA on implementing and establishing priorities and criteria for natural resources conservation activities and programs.

State & Federal Elected Official Tours & Visits

No better way to build a relationship than with delicious almonds fresh off the farm!



ANNUAL CONVENTION

The Almond Alliance proudly celebrated our 40th Anniversary as the almond community's voice in advocacy during our 2022 convention! This grand event was held May 2-5, 2022, at the stunning beachfront Pasea Hotel and Spa in Huntington Beach, California.

The Alliance was “Shakin’ It Up” at this year’s convention, with dynamic and engaging presentations on water, the shipping crisis, new markets in Asia, and more; as well as interactive networking opportunities and expert and insider perspectives.

Join us next year in La Quinta, California!



PAC EVENTS

Modesto PAC Fundraiser and Almond Champion of the Year

During the California Almond Industry Political Action Committees (Almond PAC) annual Modesto Fundraising event Assemblymember Carlos Villapudua (D-Stockton) was honored as the 2021 Almond Champion of the Year for his effective leadership in authoring legislation that supports California’s pollinator habitats, as well as leading efforts to educate his fellow legislators about the importance of a sustainable California almond industry to the state’s economic health.

Almond Alliance Chair Mike Curry praised Villapudua for his work on the legislation of importance to the California almond industry. *“Assemblymember Villapudua as a freshman legislator, has really taken the time to get to know the many facets of our industry,”* explained Curry. *“As one of the few legislators representing agriculture, he has done a great job of educating his fellow legislators about how important farming is to this state. His most recent efforts in obtaining funding for pollinator habitat conservation practices will benefit honey bees as they forage for pollen and nectar in almond orchards.”*



Almond Movers and Shakers, a Mixology Competition

The second annual Almond Movers & Shakers, a Mixology Competition, was held at The Citizen Hotel in Sacramento in conjunction with The Almond Conference on December 7, 2021. This event provided our industry the opportunity to visit bipartisan legislators as they shake it up during an interactive mixology competition. A special thank you to Assemblymember Jim Cooper (D-Elk Grove) and Assemblymember James Gallagher (R-Yuba City) for mixing it up with our very own Aubrey Bettencourt and Board Member Dick Cunningham. Congratulations to Assemblymember Gallagher for being crowned the winner by our “Almond Experts Judges” - Barbara LeVake of TriCal, Inc, Keri Layne of Yosemite Farm Credit, Alicia Rockwell of Blue Diamond Growers, and Billy Lyons of Mapes Ranch.



TRAININGS/MEMBERSHIP RESOURCES

Our priorities are your priorities, derived by engaging with and being responsive to our diverse and dynamic community and membership. Every February, the Alliance takes the show on the road for listening sessions in all 16 almond counties, as well as participating in member events every chance we get!

This year, the Almond Alliance offered a series of webinars and training for our members in both English and Spanish, including:

- Freeze Damage Reporting & Resources
- USDA Programs & Services
- Drought Well Permitting Requirement Resources
- Natural Resources Conservation Service Webinar
- USDA Spanish Webinar
- Almond Express Shipping Webinar Series
- Henderson Hatfield's Annual Labor Law Training and Harrasment Prevention Training



In addition to offering training, the Alliance has prioritized membership communications and has launched a new podcast, **Almond Alert**, available on all popular podcast platforms.

A bi-weekly podcast, Almond Alert brings new thoughts, thinkers, ideas, and information to our almond community worldwide. We know the American almond industry and community became a global agricultural and food leader by thinking big, thinking differently, and taking action. Almond Alert aims to do the same by bringing big and different ideas and influencers to our members, the market, and more so we can continue to lead, innovate, and act.



Members can keep up with the Alliance weekly by watching our new series, "**What's Shakin' at the Almond Alliance**," posted on our social media accounts. Follow **@almondalliance** on all social media platforms.

COMMUNICATIONS & CONTROLLING OUR NARRATIVE

The ability to communicate is now a fundamental, essential tool for survival – like food or fire. It is not a luxury. It is not an option. It is a requirement for success and managing your business, non-profit, association, government agency, or legislative agenda. If you do not engage in a communications program, you will not avoid communications challenges but either create them or be defined by someone else messages.

To help influence an outcome or highlight a problem, we have developed compelling narratives about various situations that need to be addressed. This required creating a clear message that could be packaged in creative ways for credible channels and messengers who can deliver our narrative to those who must hear them.

In the past nine months, we haven't changed our story to fit the messaging. We have changed how we tell our story to make the message more powerful and compelling.

THIS YEAR THE ALMOND ALLIANCE WAS FEATURED IN:



COALITIONS & PARTNERS

This year, we have had the pleasure of continuing to work with industry allies while also building relationships and opportunities with new partners.

Along with forging partnerships with industry and administration, we have joined the Western Agriculture Conservation Coalition, Farmers for Free Trade.





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