



CITY OF MANTECA

BENJAMIN CANTU, MAYOR
 GARY SINGH, VICE MAYOR
 DAVID BREITENBUCHER, COUNCILMEMBER
 CHARLIE HALFORD, COUNCILMEMBER
 JOSE NUÑO, COUNCILMEMBER

July 20, 2021

Dr. Elizabeth Cox, Program Manager
 Department of Food and Agriculture Animal Care Program
 California Department of Food and Agriculture
 1220 N Street
 Sacramento, CA 95814

Dear Dr. Cox:

The City of Manteca writes to request a delay in the implementation of Proposition 12, Animal Containment, an initiative passed in 2018 that modified laws related to farm animal confinement. The initiative required the State to release regulations prior to September 2019. Almost two full years later, the California Department of Food and Agriculture has only just released proposed regulations for public comment, without sufficient time for the nation's food supply chain to comply with this California-only law. We believe that without the appropriate time for out of state producers to comply, small, family-run, California-owned businesses will be irreparably harmed. Implementing Proposition 12 in January 2021 would place undue financial strain and a competitive disadvantage on California businesses, including businesses in our city that are vital to the economic success and well-being of our residents.

The City of Manteca is home to Sunnyvalley Smoked Meats, Inc. which sells bacon, ham, and various turkey products in California -- comprising approximately 60% of their total business. Their meat supply is contingent on out-of-state pork suppliers, and they generate tens of millions of dollars in economic activity annually for their community, including sales taxes, property taxes, and philanthropic activity. The company currently employs over 300 employees and has plans to invest an additional \$35 to 40 million into expanding their local operations here. These plans would create much needed economic activity and jobs for Central Valley residents.

Unfortunately, Proposition 12 will have detrimental impacts on companies such as Sunnyvalley Smoked Meats and hinder businesses that are already struggling to stay afloat following mandated shutdowns. Implementing Proposition 12 in January 2021 will have a devastating effect on Sunnyvalley's operations, their ability to continue to offer employment and make additional investments here. Sunnyvalley anticipates that a 60% reduction in business would result in a similarly sized reduction in their economic activity -- with deleterious consequences to the City of Manteca and our local community.

Californians, especially those in the Central Valley, have been hit hard by the economic impacts of COVID-19. Now, another threat on the horizon is the hasty implementation of Proposition 12 -- a measure that has been detailed in the California Department of Food and Agriculture (CDFA) proposed Proposition 12 regulations as having a significant, statewide adverse economic impact by raising food costs and directly affecting low-income consumers and California businesses.

Although passed by voters in 2018, the CDFA was charged with issuing Proposition 12 guidelines by September 2019 to give those impacted enough time to make the necessary compliance changes. Nearly two years later, the CDFA only just now proposed regulations for public comment. The clock has run out and California consumers are left with an alarming scenario: a potential pork shortage as most of the nation's current pork supply (bacon, ham and pork chops) will become illegal for sale in the Golden State.



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Now, experts anticipate that consumers will pay the price.

According to a recent independent analysis conducted by Rabobank, the global leader in marketplace analysis and research for the food sector: "With less than 4% of US sow housing currently able to meet the new standard, Rabobank expects a shortfall in compliant pork to bifurcate the US market, leaving California with a severe pork deficit (and higher prices), while generating a surplus in the rest of the US market."

The Rabobank report goes on to note, "Based on California's current population, which over-indexes for pork consumption given its large Latino and Asian populations, Rabobank estimates the state would need at least 255m pounds of compliant pork per month to satisfy its retail and foodservice needs. As only 1.9% of US pork is produced in California, or 45m pounds per month, we expect the state to need to import at least 210m pounds of compliant pork per month from outside the state...Based on current production and projects underway, Rabobank estimates that compliant pork supplies could fall 50% short of Californian's needs if the law were to be implemented on January 1, 2022."

What's worse, the CDFA anticipates that even if Proposition 12 could be implemented that it will increase State costs for school meals by \$1.84 million in the first full school year, increase the college and university meal plan subsidy by \$1.32 million for the first full academic year, increase the total costs of meals for the state prisons by about \$4.68 million per year, and increase the total cost for county jails by about \$9.92 million.

For these reasons, we are calling upon the Administration to exercise its executive authority in delaying the implementation of Proposition 12. It's the only solution to protect the most-vulnerable Californians, small businesses, and local communities like ours that directly depend upon the contributions and successful operations of our local businesses to fund vital city services that residents rely on.

Respectfully,

Benjamin J. Cantu
Mayor
City of Manteca