

**A. Duda & Sons, Inc.**  
**Bernard Egan & Company**  
**Hilliard Brothers, Inc.**  
**Riverfront Packing Company**

**Alico, Inc.**  
**Consolidated Citrus, LP**  
**Peace River Citrus Products, Inc.**  
**Southern Gardens Citrus**

**Ben Hill Griffin, Inc.**  
**Evans Properties, Inc.**  
**Premier Citrus, L.L.C.**  
**Tamiami Citrus LLC**

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February 15, 2016

**VIA HAND DELIVERY**

Mr. G. Ellis Hunt, Jr.  
Chairman  
Florida Citrus Commission  
605 East Main Street  
Bartow, Florida 33831

Dear Chairman Hunt:

We write to you as a group of growers, processors and fresh fruit packers who share a deep concern with the grave economic situation facing our industry. The impact of citrus greening disease has been overwhelming and unprecedented, and it is not an exaggeration to state that we are in a struggle for our survival. This challenge has dictated a need to change and adapt, and the undersigned believe that as the industry makes dramatic changes, it is prudent to consider significant modifications to the Department of Citrus programs to adapt to the crisis and give the industry the best chance to survive and eventually rebuild.

Almost 80 years ago and shortly after the Florida Department of Citrus was founded, the following statement was made by the Chairman of the Citrus Commission:

*"It has been our policy to manage the Commission's activities with all the efficiency and economy of a well-organized private enterprise"*  
*Florida Citrus Commission Chairman; L.P.Kirkland; July 12, 1937*

Former Chairman Kirkland's quote has been one that we believe Citrus Commissions have emulated and followed over the past 80 years, and it is more critical to do so today than ever. As growers, packers and processors in "private enterprise", our business practices are changing and adapting. Packers and processors have idled certain assets and have consolidated to achieve efficiency wherever possible. Payrolls have been dramatically cut and businesses are outsourcing where they can. Growers are scaling back or eliminating caretaking efforts in many groves because fruit production is low, and the on-tree value of the crop even at today's historically high prices does not cover grove care costs. Indeed, private enterprise is examining every expenditure to determine what is necessary to survive and what is no longer providing a payback.

With a nod to former Chairman Kirkland and with respect to the current Commission and institution (several of us are former Chairman of the Commission), we believe the activities of the Citrus Commission and the Department of Citrus should be scaled back considerably. We support

recent Department efforts to deal with the difficult budget realities, but while programs and staff levels have recently been slightly streamlined, tax rates remain burdensomely high. Moreover, because of the dramatic crop declines, we believe the Department does not have adequate resources to “move the needle”. And, with the current supply/demand situation, we do not believe the current marketing programs are generating an economic return for Florida growers. Fruit prices are already at historically high levels due to the short Florida crops, and prices will remain at high levels given the current supply/demand imbalance in the U.S.

While robust marketing programs are not needed to support the marketplace today (nor can we afford them in any event), the industry will undoubtedly need aggressive marketing programs one day in the future after we recover from greening and return to historical production levels. It is therefore imperative that the industry preserve the Department of Citrus and the Commission to support and advocate for our interests in times of both lean and plentiful crops.

Until the industry recovers from greening, a greatly streamlined budget is needed and here are the specific steps we believe the Florida Department of Citrus and the Citrus Commission should take in relation to the 2016-17 budget:

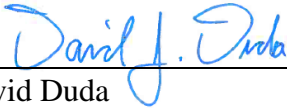
- Major marketing programs should be idled and the budget should provide for minimal public relations only (maintain web site, some advocacy efforts, debunking inaccurate press regarding orange and grapefruit juice and fresh fruit consumption).
- Idle new scientific and economic and market research projects.
- Streamline operations, outsource wherever possible (with other state agencies, with consultants) to cut overhead.
- Maintain the legal, regulatory and licensing functions.
- Maintain statistical reporting on fruit pricing, inventories and movement, Nielsen sales reports and the overall industry economic outlook.

While these steps represent dramatic change, they are in line with economic reality and consistent with the scope of change among “private enterprise” today. We have drafted a proposed budget (a copy of which is attached to this letter), which is aligned to fund only the above-noted programs. We believe that a \$.07 per box tax on oranges and grapefruit will allow the industry to execute the basic programs noted above. The budget will also create a huge tax cut for Florida growers large and small, and this will allow growers to redeploy resources toward new sprays and techniques with the hope of stabilizing and maintaining the tree inventory and crops we have left until the industry can replant.

Please know that the requests included in this letter are entirely unrelated to the \$.03 per box research tax, which is remitted to the Citrus Research and Development Foundation (CRDF) through the Florida Department of Agriculture. These funds are supporting vital research needed to overcome citrus greening disease and we are strongly in favor of maintaining this funding.

We understand the hardship our request will cause and the effect on personnel at the Department. We do not take that fact lightly and we stand ready to work closely with the Commission to help achieve a positive outcome. It is also our belief that we will survive this threat and in the near future thrive as an industry again.

Respectfully submitted,



David Duda  
A. Duda & Sons, Inc.



Clay Wilson  
Alico, Inc.



Ben Hill Griffin, III  
Ben Hill Griffin, Inc.



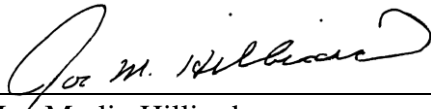
Greg Nelson  
Bernard Egan & Company



Charles Lucas  
Consolidated Citrus, LP



Ron Edwards  
Evan Properties, Inc.



Joe Marlin Hilliard  
Hilliard Brothers, Inc.



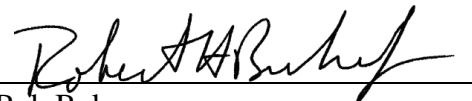
Bill Becker  
Peace River Citrus Products, Inc.



Tom Jerkins  
Premier Citrus, L.L.C.



Dan Richey  
Riverfront Packing Company



Bob Buker  
Southern Gardens Citrus



Ron Mahan  
Tamiami Citrus LLC

cc: The Honorable Rick Scott, Governor  
The Honorable Steve Crisafulli, Speaker of the House of Representatives  
The Honorable Adam Putman, Commissioner of Agriculture  
The Honorable Ben Albritton, State Representative  
The Honorable Denise Grimsley, State Senator  
Florida Citrus Commission  
Shannon Shepp, Executive Director, Florida Department of Citrus  
Florida Citrus Industry Organizations

# Florida Department of Citrus

## Financial Analysis

For the Fiscal Years ending June 30, 2004, 2012, 2016 and a Proposed Budget for 2016-17

|  | Final<br>2003-04 | Final<br>2011-12 | Current Estimate<br>2015-16 | Percent Change<br>From 2003-04<br>To 2015-16 | Percent Change<br>From 2011-12<br>To 2015-16 | Proposed<br>2016-17 |
|--|------------------|------------------|-----------------------------|--|--|---------------------|
| Processed orange boxes                               | 230,097,000      | 136,407,000      | 69,000,000                  | -70%   | -49%   | 58,650,000          |
| Processed grapefruit boxes                           | 24,213,000       | 10,916,000       | 6,348,000                   | -74%   | -42%   | 5,395,800           |
| Fresh & specialty boxes                              | 26,721,000       | 14,505,000       | 8,713,000                   | -67%   | -40%   | 7,406,050           |
| Total revenue boxes                                  | 281,031,000      | 161,828,000      | 84,061,000                  | <b>-70%</b>                                  | <b>-48%</b>                                  | 71,451,850          |
| Processed orange tax rate                            | \$ 0.15          | \$ 0.23          | \$ 0.23                     | <b>53%</b>                                   | 0%   | \$ 0.07             |
| Processed grapefruit tax rate                        | \$ 0.24          | \$ 0.34          | \$ 0.19                     | -21%   | -44%   | \$ 0.07             |
| Revenues:  |                  |                  |                             |  |  |                     |
| Grower assessments                                   | \$ 47,500,000    | \$ 39,332,000    | \$ 17,413,000               | -63%   | -56%   | \$ 5,001,630        |
| Equalization tax                                     | \$ 1,524,000     | \$ 1,468,000     | \$ 3,441,000                | 126%   | 134%   | \$ 1,047,261        |
| Carryover, uncertified, interest, other              | \$ 16,314,000    | \$ 11,798,000    | \$ 4,806,000                | -71%   | -59%   | \$ 1,201,500        |
| Total revenues                                       | \$ 65,338,000    | \$ 52,598,000    | \$ 25,660,000               | <b>-61%</b>                                  | <b>-51%</b>                                  | \$ 7,250,390        |
| Expenses:  |                  |                  |                             |  |  |                     |
| Administrative                                       | \$ 3,711,000     | \$ 2,724,000     | \$ 2,403,000                | <b>-35%</b>                                  | -12%   | \$ 850,000          |
| General revenue sharing charge                       | \$ 1,634,000     | \$ 1,697,000     | \$ 843,000                  | -48%   | -50%   | \$ 226,833          |
| General operations, admin, fixed-Scientific Res Dept | \$ 1,123,000     | \$ 1,707,000     | \$ 1,035,000                | -8%  | -39%   | \$ 250,000          |
| General operations, admin, fixed-Marketing Dept      | \$ 2,504,000     | \$ 1,000,000     | \$ 932,000                  | -63%   | -7%  | \$ 250,000          |
| Total general & admin                                | \$ 8,972,000     | \$ 7,128,000     | \$ 5,213,000                | <b>-42%</b>                                  | <b>-27%</b>                                  | \$ 1,576,833        |
| Programs:  |                  |                  |                             |  |  |                     |
| Advertising and promotion                            | \$ 29,191,000    | \$ 16,395,000    | \$ -                        | -100%  | -100%  | \$ -                |
| Public relations                                     | \$ 9,107,000     | \$ 3,789,000     | \$ 9,155,000                | 1%   | 142%   | \$ 2,010,000        |
| Retail & other                                       | \$ 5,126,000     | \$ 6,932,000     | \$ 5,519,000                | 8%   | -20%   | \$ 1,500,000        |
| International programs (excluding FAS \$'s)          | \$ 4,781,000     | \$ 3,393,000     | \$ 2,114,000                | -56%   | -38%   | \$ 500,000          |
| Scientific and new varieties & disease research      | \$ 5,147,000     | \$ 12,674,000    | \$ 1,116,000                | -78%   | -91%   | \$ 700,000          |
| Economic & marketing research                        | \$ 1,733,000     | \$ 1,851,000     | \$ 1,804,000                | 4%   | -3%  | \$ 750,000          |
| Total programs                                       | \$ 55,085,000    | \$ 45,034,000    | \$ 19,708,000               | <b>-64%</b>                                  | <b>-56%</b>                                  | \$ 5,460,000        |
| Reserves, required and uncommitted                   | \$ 1,281,000     | \$ 436,000       | \$ 739,000                  | -42%   | 69%  | \$ 213,557          |
| Total expenses                                       | \$ 65,338,000    | \$ 52,598,000    | \$ 25,660,000               | <b>-61%</b>                                  | <b>-51%</b>                                  | \$ 7,250,390        |
| General & admin as a % of revenues                   | 14%              | 14%              | 20%                         |  |  | 22%                 |
| Programs as a % of revenues                          | 84%              | 86%              | 77%                         |  |  | 75%                 |
| Headcount  |                  |                  | 43                          |  |  | 10                  |

Source: Florida Department of Citrus published financial statements