



BEFORE THE UNITED STATES DEPARTMENT  
OF AGRICULTURE  
AGRICULTURE MARKETING SERVICE

In the Matter of Milk in California  
Notice of Hearing on a Proposal to  
Establish a Federal Milk Marketing  
Order

7 CFR Part 1051  
Docket No.: AO-15-0071  
AMS-DA-14-0095

Clovis, California, October 2015

Testimony of Alan Zolin

Part 1

## Introduction

My name is Alan Zolin. I am the owner and sole proprietor of Zolin International LLC, a Dairy Supply Chain and Dairy Policy consulting company. I have been retained by Hilmar Cheese Company to work with Dairy Institute of California (DIC) to develop an alternative proposal to Cooperative Proposal 1. I have worked with a task force made up of a number of representatives from DIC member companies in order to develop and submit Proposal 2.

## Purpose

My reason for testifying today is to offer background information on the topic of ultra pasteurized or aseptically processed dairy product (Commonly referred to as Extended Shelf Life or ESL) shrinkage calculation, specifically focusing on section 1051.43 (b). This section is commonly referred to as the Shrinkage and Overage classification section. This section provides the methodology for calculating the maximum allowable shrinkage to be classified in the lowest class at pool plants. What Proposal 2 is attempting to do is provide a modified calculation for facilities that process ESL products. Under Proposal 2 a plant that ~~process~~ <sup>processes</sup> ESL products and qualifies as a pool distributing plant under section 1051.7(b) would have a modified maximum allowable shrinkage assigned to the lowest class. This modification as it appears in the hearing notice would increase the maximum allowed shrinkage assigned to the lowest class to be 5% for an ESL producing plant that receives all <sup>of</sup> its milk directly from dairy farmers on farm weights and tests, as well as ~~process~~ <sup>processes</sup> 100% of those receipts into an ESL type product. This is the addition of the 2% contained in section 1051.43(b)(1)(i) plus the full 3% additional percentage allowed in section 1051.43(b)(1)(v).

## Rationale and Commentary

In my dairy consulting business, I have clients that produce ESL type products. In past evaluation of their operations looking for dairy supply chain opportunities, I observed the higher shrinkage that occurred in the portion of their ESL operations versus their conventional HTST (High Temperature/Short Time – terminology referring to pasteurization technique) operation. Some of my clients operate plants that produce a very high percentage of their output as ESL products. These plants qualify as a pool distributing plant under Section 7(b). Other clients process some milk into ESL products but falls below the 15% trigger to qualify as a 7(b) distributing plant. These plants qualify as a 7(a) distributing plant. For the purpose of determining an additional excess shrinkage percentage for Proposal 2, I reviewed the records of my ESL clients and calculated their total product pound shrinkage. The result of this analysis was my clients total product pound shrinkage averaged above 5%. Relying on that information, Dairy Institute used 3% as the additional percentage added to the shrinkage calculation in Proposal 2. The testimony that follows me refines that information and the ~~substituted~~ <sup>submitted</sup> proposal.

This concludes my testimony on this issue.

## Work background for Alan Zolin

### **Zolin International LLC** – April 2010 to present

After my retirement from Kraft Foods I started my own consulting firm targeting clients that are looking for assistance in the areas of 1) Global strategic sourcing of dairy ingredients 2) Global dairy policy and regulatory oversight 3) Supply chain efficiency.

### **Kraft Foods** – June 1984 to February 2010

January 1997 till February 2010 – Director of Cheese and Dairy ingredient Procurement North America. This position was responsible for all of Kraft Foods cheese and dairy ingredients in the United States and all aspects of dairy procurement in Canada. The dollar spend associated with this category was approximately \$2.5 billion (USD). I also had the responsibility for management of the supply chain, production planning, and Inventory management (raw dairy ingredients) for the US dairy sector. I had a staff of 23 individuals.

January 1989 – December 1996 – National Milk Marketing manager. This position was responsible for the direct procurement of milk for 37 US Kraft natural cheese plants, cottage cheese plants, yogurt plants, and ice cream plants. I was the business contact for all state and federal Government regulators dealing with dairy issues for the company. I was also Kraft's representative on a number of Industry trade associations. Dollar spend associated with this position \$500 million.

June 1984 – December 1988 – Buyer and Milk Marketing Analyst. During this timeframe I was a buyer for a number of dairy categories such as cream, whey and wpc, nfdm, international powders, AMF, and other storable butterfat. Dollar spend associated with this category was \$150 million. My responsibilities as a milk marketing analyst included the FMMO reporting, pooling and pooling strategy of all Kraft Cheese plants, Sealtest fluid milk plants and Breyers ice cream and yogurt plants in the US.

**USDA FMMO Order 30 Chicago Regional** – July 1977 – June 1984. I worked for the USDA Agricultural Marketing Services Branch. This is the department that regulates the pricing, pooling and purchasing of milk in the US. I worked I the FMMO Order 30 audit group, the pooling group, and the Information Systems group.