

R&J Avila

I N C O R P O R A T E D

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Dear All Class Milk Emergency Hearing Panel Members,

I write to you today as a concerned California dairy industry vendor. I was unfortunately unable to attend your hearing held November 9th in person, but would like to take this time and write to you about the effect the tremendous economic plight of the California dairy industry has had on dairy farmers and businesses serving the dairy sector.

Over the last year, dairy farmers have seen their farm income drop substantially and witnessed their hard earned equity erode. Farm income is at a level that hardly allows dairy farmers to pay for the cost of feeding their cattle let alone the other overhead costs associated with running their business. Dairy farmers are losing tens of thousands to hundreds of thousands of dollars per month depending on the size and scale of their operations.

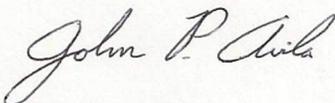
In California alone, the dairy industry had an economic impact of over **61 BILLION DOLLARS** in 2007 (<http://www.realcaliforniamilk.com/content/economic-impact>). The dairy industry in California keeps an abundant number of people employed. These people include not only the employees of each individual dairy farm but also the many support industry companies that **ALL WORK TOGETHER** to assist these dairy farmers in bringing quality, healthy dairy products to the consumers in this state, nationally, and abroad.

I represent one of the many small businesses being affected by this tremendous downturn in dairy farmer income. I have the **GREAT PRIVILEGE AND BLESSING** of being able to work with many California dairy farmers every month providing them with products and services. Given the current economic environment for dairy farmers, they are forced to reduce spending **SUBSTANTIALLY** just to pay some of the bills, which affect their expenditures with my company and fellow vendors. In talking with fellow vendors in the dairy industry, **double-digit percentage losses in sales to the tune of hundreds of thousands if not millions of dollars seems to be the norm**. Our Accounts Payable and Accounts Receivable continue to far exceed our bank accounts.

It is not uncommon for dairy farmers to spend thousands of dollars each month with **50, 60**, or even **70** different companies or individuals. If nothing is done to help these hard-working dairy farmers receive a **fair price for their milk that is inline with the cost of production**, their businesses will cease to exist as well as the need for businesses like mine.

I urge you to **PLEASE** make a concession for California dairy farmers and raise **ALL** class milk prices to reflect cost of production allowances. We absolutely need dairy farmers to stay in business for the good of this state and nation. If we think the current economic situation is discouraging now, it will be even more so if dairy farmers are forced to close their doors. **Thousands of people will be out of work, and BILLIONS of dollars in revenue will disappear.**

Thank you for your consideration,



John P. Avila
Chief Financial Officer