

the increase in program costs. In addition, inflation also impacts FPB's non-salary costs. These factors have increased FPB's costs of operating this program by over \$600,000 per year.

Additional revenues (approximately \$155,000) are necessary in order for FPB to continue to cover the costs associated with additional staff and to maintain office space and equipment. Additional revenues are also necessary to continue to improve the work environment by providing training and purchasing needed equipment. In addition, FPB began in 2001, developing (with appropriated funds) an automated

system recently named the Fresh Electronic Inspection Reporting/Resource System (FEIRS) to replace its manual paper and pen inspection reporting process. Approximately \$200,000 in additional revenue is needed to complete the development and deployment of FEIRS, and it will take approximately \$10,000 per month to maintain the system. This system has been put in place to enhance FPB's fruit and vegetable inspection processes.

Based on the aforementioned analysis of this program's increasing costs, AMS to increase the fees for destination market inspection services. The

following table compares current fees and charges with the fees and charges for fresh fruit and vegetable inspection as found in 7 CFR 51.38. This table also reflects the change to the per package fees for dock-side inspections that are currently on a three interval schedule based on weight, to a two interval schedule based on different weight thresholds. Unless otherwise provided for by regulation or written agreement between the applicant and the Administrator, the charges in the schedule of fees as found in § 51.38 are:

Service	Current	Proposed
Quality and condition inspections of products each in quantities of 51 or more packages and unloaded from the same land or air conveyance:		
—Over a half carlot equivalent of each product	\$86.00	\$99.00
—Half carlot equivalent or less of each product	\$72.00	\$83.00
—For each additional lot of the same product*	\$14.00	\$45.00
Condition only inspections of products each in quantities of 51 or more packages and unloaded from the same land or air conveyance:		
—Over a half carlot equivalent of each product	\$72.00	\$83.00
—Half carlot equivalent or less of each product	\$66.00	\$76.00
—For each additional lot of the same product*	\$14.00	\$45.00
Quality and condition and condition only inspections of products each in quantities of 50 or less packages unloaded from the same land or air conveyance:		
—For each product	\$43.00	\$45.00
—For each additional lot of any of the same product*	\$14.00	\$45.00
—Lots in excess of carlot equivalents will be charged proportionally by the quarter carlot		
Dock side inspections of an individual product unloaded directly from the same ship:		
—For each package weighing N/A less than 15 pounds	1.1 cent	N/A
—For each package weighing less than 30 pounds (previously 15–29 pounds)	2.2 cents	2.5 cents.
—For each package weighing 30 or more pounds	3.3 cents	3.8 cents.
—Minimum charge per individual product	\$86.00	\$99.00
—Minimum charge for each additional lot of the same product	\$14.00	\$45.00
Hourly rate for inspections performed for other purposes during the grader's regularly scheduled work week.	\$43.00	\$49.00
—Hourly rate for other work performed during the graders regular scheduled work week will be charged at a reasonable rate		
Overtime or holiday premium rate (per hour additional) for all inspections performed outside the grader's regularly scheduled work week.	\$21.50	\$25.00
Hourly rate for inspections performed under 40 hour contracts during the grader's regularly scheduled work week*.	\$40.00	\$49.00
Rate for billable mileage	\$1.00	\$1.00

A notice of proposed rulemaking was published in the **Federal Register** on September 8, 2003 (7 CFR part 51). The workplan for the proposed FPB fee increase was classified as non-significant and approved by OMB on June 10, 2003. The comment period ended on October 8, 2003, and FPB received two comments during this period.

The first comment was received from the Washington State Potato Commission (WSPC) opposed raising inspection fees at this time. WSPC asked "is it necessary to raise salaries" and the answer is yes. General and locality salary increases for Federal employees are mandated by Federal law. WSPC also recommended that FPB use its reserve funds. FPB is indeed utilizing its

reserve fund to sustain the Federal market inspection program. However, if fees are not increased, the reserve fund would become depleted. The market inspection program reserve level is set by the Agency. A fee increase is necessary in order to prevent falling below the mandated four-month reserve level in FY–2007.

The second comment received from the California Grape and Tree Fruit League (CGTFL) did not oppose the proposed fee increase. CGTFL recommended that FPB make every effort to minimize costs and maximize the efficiency of the program, to maintain training programs for inspections and oversight, to make more inspection data available to the industry, and to seek input from the

produce industry. FPB has been and remains committed to such recommendations. Further, FPB has and will continue to seek out cost saving opportunities within the program. Accordingly, in light of the continuing need to maintain the inspection program on a financially sound basis, the Agency has decided to proceed with the fee increase as set forth in the proposal.

List of Subjects in 7 CFR Part 51

Agricultural commodities, Food grades and standards, Fruits, Nuts, Reporting and recordkeeping requirements, Trees, Vegetables.

■ For the reasons set forth in the preamble, 7 CFR part 51 is amended as follows: