

**DEPARTMENT OF AGRICULTURE
FY 2015-16 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Monday, December 1, 2014
3:00 pm – 5:00 pm**

3:00-3:20 INTRODUCTIONS AND OPENING COMMENTS

3:20-3:35 QUESTIONS COMMON TO ALL DEPARTMENTS

(The following questions require both a written and verbal response.)

1. SMART Government Act:

- a. Please describe how the SMART Government Act is being integrated into the department's existing processes (both in terms of service delivery and evaluating performance).

Response: *The Act, with its focus on customer experience, is an important driver of how the Department views service delivery and how performance is evaluated. Each of the Division's distinct processes is mapped, beginning with identification of the customer and their expectations. This greater focus on customer experience has sometimes led to implementation of LEAN analyses and further streamlining of steps, fostering a more efficient, effective, and elegant delivery of services and programs. Additionally, metrics developed by the operating divisions for evaluation of programs and services are increasingly tied to metrics relating to the customer expectations such as response time, time to complete the action, and accuracy.*

- b. How is the data that is gathered for the performance management system used?

Response: *Data is an essential element to the Department's performance planning. We have been deliberate throughout our planning processes to ensure that data being collected is actionable and will help inform decision making on the premise that ...*

- *data leads to information,*
- *information leads to knowledge,*
- *knowledge leads to decision making, and*
- *decisions lead to desired results.*

For example, our Markets Division collects data relating to the time intervals for responding to requests for inspections. Besides collecting data necessary to ensure that we are responding to inspection requests within the two hour standard

expected by industry, we also collect data on the percentage of inspections responded to within 30 minutes and utilize the response rate data as a leading indicator for optimal staffing levels. Similarly, the Animal Health Division tracks the number of private veterinarians that submit Certificates of Veterinary Inspection (CVIs) electronically, knowing that the more veterinarians that submit CVIs electronically, the greater the Division's ability to successfully conduct animal disease investigations in compliance with USDA traceability standards. To the point, the Department seeks to only collect data that provides the insight needed to effectively manage programs, as well as offer information about the breadth and scope of programs.

- c. Please describe the value of the act in the department.

Response: *While the Department has always placed importance on strategic planning, the SMART Act has brought about several tangible benefits. First, the Act has helped to instill a process for not only identifying the distinct and important processes at the operating level, but has also helped to provide a roadmap for more specifically identifying the agency's broader, higher-level strategic priorities. With several of these priorities being cross-divisional, the Department has begun to break down some of the natural silos that exist between the operating divisions, increasing collaboration among the Department's operating divisions and with the Commissioner's Office. Additionally, the Act is creating greater accountability throughout the Department for meeting stated performance goals. But perhaps even more importantly, the Act has engendered a broader discussion and understanding among employees about how their work contributes to the delivery of services and programs that support the Department's overall mission.*

2. Do you have infrastructure needs (roads, real property, information technology) beyond the current infrastructure request? If so, how do these needs fit in with the department's overall infrastructure priorities that have been submitted to the Capital Construction Committee or Joint Technology Committee? If infrastructure should be a higher priority for the department, how should the department's list of overall priorities be adjusted to account for it?

Response: *The Department does not have infrastructure needs beyond the budget change request for operating funds for the Fair.*

3. Describe the department's experience with the implementation of the new CORE accounting system.

a. Was the training adequate?

Response: *Training for system was inadequate. Many employees felt comfortable going in to the launch however, once the system went live, the Department discovered several issues that additional training could have avoided.*

b. Has the transition gone smoothly?

Response: *The transition to CORE went relatively smooth for the Department. There were some technical issues that prevented processing of payments and encumbering of funds. The Department was prepared for these issues and chose to take things very slowly for the first few weeks in order to gain greater understanding of the system at go-live. The Department's assessment of the transition would be positive given the scale and magnitude of a transition this large.*

- c. How has the implementation of CORE affected staff workload during the transition?

Response: *Workloads for those affected increased for the first few months after the go-live. However, once employees became comfortable with the system and additional hands-on training was provided by the accounting team, employees have assimilated CORE in to their normal duties.*

- d. Do you anticipate that CORE will increase the staff workload on an ongoing basis? If so, describe the nature of the workload increase and indicate whether the department is requesting additional funding for FY 2015-16 to address it.

Response: *The Department recognizes that the implementation of such a substantial new system will drive additional short-term workload as employees adjust to new ways of doing business. As employees adjust to new business processes and become more familiar with the CORE system, it is expected that this short-term workload increase will dissipate. Any long-term staffing changes resulting from CORE -- whether increases or decreases -- will not be known before the system reaches a steady operational state. At this time, the Executive Branch is not submitting any requests for FY 2015-16 to address the impact of CORE on normal departmental financial services operations.*

3:35-4:00 COLORADO STATE FAIR

Colorado State Fairgrounds Maintenance and Operations

4. How will the difference between the total cost of maintenance and the General Funds requested be funded?

Response: *The Fair will continue to utilize sponsorships and in-kind donations from vendors to meet maintenance needs throughout the grounds. In addition, the Fair can leverage additional funding for increased in-kind match needed to fill the maintenance gap.*

5. Please provide a strategic look at how the State Fair can be stabilized in future years so that it is self-sustaining.

Response: *The Department has begun implementing a plan towards solvency. The plan involves increasing sponsorships, which was accomplished in 2014 with an increase in*

excess of \$90 thousand. In addition, the Fair experienced great success with the entertainment package that included up-and-coming acts and one large act in an effort to provide affordability and attract a wider audience. The new ticket system and the addition of a family four-pack allowed for earlier marketing of the Fair to bring in revenues earlier. With the addition of the General Fund for the 4H and FFA programs, the Fair can offset the expenses incurred for supporting these non-revenue generating programs which are critical to the Fair.

6. What is the Department’s philosophy with regard to the State Fair as a show case for the state’s agriculture industry? Specifically, does the Department believe the Fair can be a self-sustaining enterprise or is it to be subsidized by the state?

Response: *The philosophy of the Department and the Fair is that the Fair be the main attraction for agriculture throughout the State. While providing an enjoyable experience through entertainment and attractions, the Fair aims to educate and showcase agriculture to all patrons of the Fair.*

The Department believes that the Fair, as a showcase for Agriculture (and other industries) statewide, should receive some level of support from the General Fund to sustain critical programs such as 4H and FFA in addition to providing support for the maintenance and operations of the State owned facilities.

7. The recent audit Colorado State Fair reports that Fair’s liabilities significantly exceed its revenues year-over-year. Does the State Fair have a plan to achieve self-sustainability in the future?

Response: *Yes, the Department has been working very closely with the Fair to resolve this issue. Currently, the Department has imposed a significant budget reduction to the Fair (approximately \$500 thousand), the Fair drastically increased sponsorships in excess of \$90 thousand, attractions and entertainment have been revamped to provide a wide variety of entertainment that supports the bottom line, the new ticketing system allows for online presale for events in addition to event sales at the gates to provide greater upsale, a new General Fund appropriation supports the 4H and FFA programs, and the Fair is continuing to pursue additional off-season events.*

8. Please explain where and to what degree the economic benefit of the State Fair is felt. How much do those who receive that economic benefit contribute to the Fair?

Response: *Please see the following table. This information was generated during an economic impact study performed in 2010. The Department will be updating this information in early 2015. The data represents earnings for the General Fund from the State Fair, National Little Britches Rodeo, and Off-Season Events. As the data shows, the economic benefit to the State General Fund is approximately \$1.6 million.*

	CSF	NLBRF	OSE	Total
Colorado	\$ 1,498,363	\$ 121,461	\$ 77,224	\$ 1,697,048
Pueblo County	\$ 828,161	\$ 62,386	\$ 43,496	\$ 934,043
City of Pueblo	\$ 1,678,717	\$ 140,701	\$ 84,582	\$ 1,904,000
Total	\$ 4,005,241	\$ 324,548	\$ 205,302	\$ 4,535,091

9. To what degree could the fairgrounds be closed during the non-fair months to reduce costs and save money?

Response: *The fairgrounds do close many of the buildings during the off-season. However, some of the buildings remain functional for off-season events such as rodeos, school events, private events, and other entertainment events. Closing the fairgrounds to all activity would eliminate the potential of additional revenue and only increase the insolvency the Fair is currently experiencing.*

10. Please provide an update on the status of the ticket modernization system. Did the modernization meet the Fair's stated goals and expectations, specifically in regards to increased revenue generation?

Response: *The new ticketing system contributed to increases in all areas of revenue. Gate revenues were up 7 percent or \$64,241, gross carnival revenue was up 17 percent or \$136,234, and gross concert revenue showed a \$202,264 increase from the 2012 to 2014. The 2012 Fair was the last year of the old ticketing system. The switch from Ticketmaster to Altitude Tickets increased the automation of ticket purchases and decreased significantly the internet purchasing fee the Fair customers pay.*

11. Please provide a break-down by venue of maintenance costs in the off-season and potential areas where the State Fair can achieve cost savings.

Response: *Maintenance costs in the off-season are primarily routine maintenance and upkeep. These costs are not necessarily focused on any one venue or building. Unfortunately, cost savings are difficult to achieve due to the age of many of the facilities. The true cost savings would be for the Fair to have a steady source of funding dedicated to these routine costs. Currently, the Fair triages repairs, which results in increased costs in the short-term with no long-term benefit. With routine funding, the Fair could provide needed maintenance to prevent the emergency repairs and eliminate the higher costs for repairs and maintenance.*

12. Please provide details on the number of restaurants on the fairgrounds that operate year-round and their profitability. How much revenue does the State Fair collect from these restaurants?

Response: *The Fair does not maintain restaurants on grounds per se. The food vendors contract with the Fair for the use of permanent facilities during major events such as the Little Britches Rodeo, car shows, and the Fair itself. The Fair receives a percentage of the sales of food and beverage sold by these vendors. Non-Fair concession sales are driven by contracted events. That revenue contributed \$105,000 to the Fair's non-Fair revenue, which was all profit.*

13. Please provide a status update of the Navy building on the fairgrounds. Will the state again take possession of the building in future years?

Response: *The Naval Reserve Building has been successfully remediated and demolished. The building no longer exists and the long term plan is to use the space for additional parking during events. This will provide additional revenues for the Fair. Estimates are unknown until pricing for parking and number of spaces sold has been determined.*

4:00-4:05 BREAK

4:05-4:30 INDUSTRIAL HEMP PRODUCTION IN COLORADO

14. Considering the provisions of the 2014 Farm Bill passed by the U.S. Congress:
- a. Did the provisions of the 2014 federal Farm Bill meet the needs of Colorado State University to pursue a research and development program for industrial hemp?

Response: *The 2014 Farm Bill met the needs of CSU, CU and other institutions of higher education to pursue research and development but did not address the risks associated with federal funding the institutions face. The DEA has not provided clear direction on federal funding questions, questions which has limited CU and CSU to registration and working with data points rather than plant material to mitigate their risk. Therefore CSU and CU have not requested CDA to obtain hemp seed under our DEA registration. With regards to hemp research, the Department would happy to provide contact information for CSU and CU.*

- b. Do ranchers and farmers have access to hemp seeds and are they using them?

Response: *The 2014 Farm Bill limits access to hemp seed to institutions of higher education. It does not allow for the importation of hemp seed for private individuals unless they obtain a DEA Controlled Substances registration and import permit. To our knowledge, the DEA has not issued any of these registrations to private individuals.*

- c. What is the legal status for the transport of hemp seeds in Colorado?

Response: *Hemp seed cannot be sent through the USPS as it is a Federal agency nor can it be sent via FedEx or UPS as shipments cannot be guaranteed not to leave the state while in transit. Currently the only means of legal transport are hand to hand transactions or courier services that only operate within the state.*

15. Please provide examples of other states' programs or actions that can be taken by Colorado to more aggressively expanding the adoption of industrial hemp as a commercially viable crop. What can the state do to encourage the commercial growth of industrial hemp?

Response: *As one of the first states to approve hemp more states are asking questions than have answers to provide us as they are just laying their foundations now. We have reached out to a number of states who have or are passing industrial hemp legislation including Kentucky. We have looked at the MOU that the Kentucky Department of Agriculture (KDA) used with farmers to develop their five year research pilot program. The case remains unsettled and we have not been able to get the terms of the agreement between the DEA and KDA.*

We are looking at what we have learned from our registrants and gathered what we can from processors who have contacted us to identify some of the areas of concern and expand on some of the successes we have had and will be applying that information to changes in rules needed to support a legitimate industrial hemp industry. Included will be increased reporting requirements to the Department can compile data pertinent to the industry's development.

One key issue will be the development of certified varieties which are known to produce plants that are below the 0.3% threshold. This will entail variety testing in different geographic regions, developing seed stock, and developing seed quantities to meet the farmers' production needs.

16. Has the Department had any discussions with the Office of Economic Development and International Trade about the advocacy of industrial hemp by the Governor's office with the Western Governor's Conference?

Response: *The department has not at this time.*

4:30-4:40 LONG BILL LINE ITEM FORMAT CHANGES

Staff made a recommendation that the Agriculture Services Division line item in the Long Bill be updated to more accurately reflect the divisional organization of the Department and to cease bottom line funding this section of the Long Bill.

17. Does the Department object to the suggested format changes of the Agriculture Services Division line item in the Long Bill?

Response: *The Department supports the staff recommendation.*

18. Several years ago the Department's section of the Long Bill was reformatted and consolidated. Will these changes negatively impact, or undo, those changes?

Response: *No, these changes will not negatively impact the previous changes.*

4:40-4:45 ADDITIONAL DISCUSSION ITEMS

19. Please provide an update on the on the 2013 study of groundwater in the South Platte River Basin, with particular focus on selenium leaching.

Response:

Focus:

- *Conducted three rounds of sampling on 22 monitoring wells installed in the South Platte alluvial groundwater system from north of Ft. Lupton to north of Greeley.*
 - *Samples analyzed for normal constituents: ~ 100 pesticide compounds, 7 anion compounds. This is the extent of normal analysis conducted by the program.*
 - *Split samples were collected for analysis of nitrogen isotope concentration (15N) and boron isotope concentration (11B) for determining the isotopic signature of nitrate in groundwater sampled by the program which is useful for determining inorganic or organic source of the nitrate.*
 - *During 3rd round of sampling, split samples were also collected for Colorado Department of Public Health & Environment (CDPHE) for analysis of VOCs, dissolved and total metals, and basic chemistry in effort to investigate potential groundwater quality impacts due to the September flooding events in the South Platte River Basin.*
- *Selenium is not a normal constituent that is investigated in the South Platte alluvial groundwater system by the Ag. Chemicals & Groundwater Protection Program.*
- *Findings*
- *The median nitrate-nitrogen discovered in the monitoring wells was around 20 parts-per-million (ppm) for all three sampling events. The concentrations ranged from between 1.4 to 56.7 ppm over the three sampling events, with 73% to 80% of wells containing nitrate-nitrogen over the EPA maximum contaminant level (MCL) of 10.0 ppm.*
- *There were 64, 57, and 70 detections of pesticide compounds over the three sampling events in June, July, and October respectively.*
 - *Twenty-two different pesticide compounds were detected through the three sampling events but the most commonly detected were metolachlor compounds with 67%, 75%, and 59% of the total detections over the three sampling events respectively. The breakdown products of metolachlor ESA and metolachlor OA were three to four times more prevalent than the parent compound in all three sampling events. These findings are not surprising and have become the norm for South Platte alluvial groundwater monitored by the program's 22-well monitoring network.*
 - *Likewise, atrazine and its breakdown products comprised 10-12% of total detections over the three sampling events.*
 - *Overall, 77%, 81%, and 67% of total detections over the three sampling events consisted of breakdown compounds which has also been the norm for this study area.*

- *There was 63%, 49%, and 61% of total detections that were less than 1.0 parts-per-billion (ppb) and only one sample was above the EPA MCL for atrazine of 3.0 ppb.*

The results for the split samples collected for CDPHE during the third round of sampling were indeed analyzed for selenium as part of their dissolved metals analysis. Andrew Ross in the Clean Water Program at CDPHE has more information for specific questions on this data. However, from what was provided to our program, none of the dissolved selenium concentrations for the 22 monitoring wells sampled were above the EPA MCL of 50 ppb. The median concentration was 3.0 ppb and concentrations ranged from 0.97 to 10 ppb. All 22 wells contained dissolved selenium above the reporting limit of 0.17 ppb.

4:45-5:00 APPENDICES

20. Please provide an updated on the potato trade agreement between Colorado and Mexico.

Response: *The governments of the U.S. and Mexico reached an agreement in early 2014 that expanded access for U.S. fresh potatoes beyond the 26 kilometer border area to include all cities throughout Mexico with populations greater than 100,000. This agreement was of particular importance to Colorado as producers and shippers from the San Luis Valley have historically been the number one supplier of fresh potatoes to Mexican importers and retailers along the border area. This expanded access was granted beginning in May 2014 and generated a surge in Mexican imports of U.S. fresh potatoes. Within only a matter of weeks, several lawsuits were filed in various jurisdictions by Mexican potato producers seeking a suspension of the new agreement. The basis for the lawsuits was that the decision by SAGARPA (Mexico's ministry of agriculture) to expand access did not sufficiently protect the Mexico potato industry from the introduction of pests and diseases associated with U.S. potatoes, notwithstanding the fact that international panels had previously determined the importation of fresh potatoes from the U.S. would not result in the introduction of any new pests or diseases detrimental to Mexico's potato industry. The courts determined that pending the outcome of the lawsuits, access for U.S. potatoes would be governed by the prior agreement, meaning that imports of U.S. fresh potatoes would again be restricted to the 26 kilometer border region. Currently, there are seven lawsuits pending in Mexican courts. SAGARPA, working in cooperation with USDA, is attempting to combine all the lawsuits into a single legal action. USDA anticipates it could be another six to eight months for the leading case to be resolved. Should a ruling support SAGARPA's decision to expand access, it is possible that Mexico producers will seek an appeal to Mexico's Supreme Court, potentially dragging the legal issue out for two to three more years.*

While these issues are being resolved in the courts, the Department's Marketing Division is continuing to work with Colorado potato growers and shippers to support sales in the border region and to build broader awareness for Colorado potatoes throughout Mexico. For example, the Division recently hosted an inbound team of fruit and vegetable buyers from Mexico. Additionally, the Division is cooperating with industry to develop a Colorado Pavilion at ANTAD, Mexico's largest retail-oriented trade show that will be held in

Guadalajara in March, 2015.

21. Do the current metrics for the State Fair appropriately reflect the Department's priorities?

Response: *Yes, the metrics are what the Fair can reasonably control. Off-season revenue is critical to the financial success of the Fair.*

22. Does the Department anticipate creating a SMART Act metric for the industrial hemp program?

Response: *Yes, the Plant Industry Division will map out a distinct process relating to its regulation of industrial hemp that will be included in the Department's next Performance Plan.*

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implement or has partially implemented the legislation on this list.

Response: *The Department has implemented all legislation impacting known programs.*

2. What is the turnover rate for staff in the department? Please provide a breakdown by office and/or division, and program.

Response: *Please see the following table:*

DIVISION	CLASS TITLE	SEPARATION REASON
ICS - LAB	LABORATORY TECHNOLOGY I	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
ANIMAL HEALTH - RMRAHL	LABORATORY TECHNOLOGY II	RELOCATION
COMMISSIONER'S OFF	ADMIN ASSISTANT II	FULL SERVICE RETIREMENT
ANIMAL HEALTH	ADMIN ASSISTANT II	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
BRAND INSPECTION - ADMIN	ADMIN ASSISTANT II	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
PLANT INDUSTRY	ADMIN ASSISTANT III	FULL SERVICE RETIREMENT
BRAND INSPECTION	TECHNICIAN II	DID NOT REPORT
BRAND INSPECTION	TECHNICIAN II	DEATH - WITH SURVIVORS
BRAND INSPECTION	TECHNICIAN III	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
ICS - ADMIN	TECHNICIAN III	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
ANIMAL HEALTH	PROGRAM ASSISTANT II	FAILED PROBATIONARY PERIOD OR TRAINING C
PLANT INDUSTRY	PROGRAM ASSISTANT II	PERSONAL REASONS
ANIMAL HEALTH - PACFA	GENERAL PROFESSIONAL III	REDUCED RETIREMENT
ANIMAL HEALTH - PACFA	GENERAL PROFESSIONAL III	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
MARKETS DIVISION	GENERAL PROFESSIONAL III	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
CONSERVATION SERVICES - INSECTARY	GENERAL PROFESSIONAL III	FULL SERVICE RETIREMENT
CONSERVATION SERVICES	GENERAL PROFESSIONAL III	ACCEPTED NEW JOB OUTSIDE STATE SYSTEM
ANIMAL HEALTH	GENERAL PROFESSIONAL VI	FULL SERVICE RETIREMENT
COMMISSIONER'S OFF - BUSSINESS OPS	ACCOUNTANT I	REDUCED RETIREMENT
STATE FAIR	ACCOUNTANT I	EXHAUSTED ALL PAID LEAVE
COMMISSIONER'S OFF - BUSSINESS OPS	ACCOUNTING TECHNICIAN III	RELOCATION

3. Please identify the following:
- The department's most effective program;
 - The department's least effective program (in the context of management and budget);
 - Please provide recommendations on what will make this program (2.b.) more effective based on the department's performance measures.

Response: *The Department does not evaluate programs against one another. The Department reviews all programs regularly and works to bring any poor performing program in to a satisfactory status. If a program is determined to be ineffective the Department will identify the cause and work with industry, the Governor's Office, and the Legislature to bring solutions to the problem. If a program is obsolete, the Department will work with the Legislature to remove it from statute.*

4. How much capital outlay was expended using either operating funds or capital funds in FY 2013-14? Please break it down between the amount expended from operating and the amount expended from capital.

Response: *The Department has not expended capital outlay from operating funds.*

5. Does Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2014? What is the department doing to resolve the outstanding high priority recommendations?

Response: *The only outstanding audit finding is regarding anhydrous ammonia registration. The Departments new AgLicense system goes live on December 1st, which will result in correcting the finding.*



Briefing for the Joint Budget Committee

December 1, 2014



Mission

To strengthen and advance Colorado's agriculture industry; promote a safe, high quality, and sustainable food supply; and protect consumers, the environment, and natural resources.



Organization

Commissioner's Office
 Commissioner - John Salazar
 Deputy Commissioner - Ron Carleton
 Chief Administrative Officer - Jenifer Gurr
 Director, Budget & Operations - Jeff Stalter
 Director, Communications - Christi Lightcap
Ag Management Fund
Budget and Accounting
Communications/Outreach and Public Information
Continuity of Operations
Human Resources
Information Technology
LEAN Performance Improvement
Policy Development
Public Policy
Purchasing and Contracts

Animal Industry
 Dr. Keith Roehr
Bureau of Animal Protection
Livestock Traceability
Pet Animal Care
Facilities Act
Predator Control
Rocky Mountain Regional Animal Health Laboratory
Veterinarian Services

Brands
 Chris Whitney
Alternative Livestock
Brand Estray Fund
Brand Inspection

Conservation Services
 Eric lane
Agricultural Energy Efficiency and Renewable Energy Projects
Biological Control
Chemigation
Conservation Board
Groundwater Protection
Noxious Weeds
Pesticide Data Program
Weed Free Forage

Colorado State Fair
 Chris Wiseman
4H & FFA Programs
Grounds Management
State Fair
Training Facility for State Agencies

Inspection & Consumer Services
 Steve Bornmann
Anhydrous Ammonia
Biochemistry Laboratory
Commodity Handlers
Farm Product Inspection
Feed and Fertilizer
Large Scale Inspection
Meat and Egg Inspection
Metrology Laboratory
Small Scale Inspection

Markets
 Tom Lipetzky
Colorado Proud
Export Promotion
Fruit and Vegetable Inspection
GAP and GIP Verification Audits
Market News Reporting
Market Order Programs
Specialty Crops Block Grant Program
Trade Development
Value-Added Development Board
Wine Industry Development

Plant Industry
 Mitch Yergert
Apiary
Greenhouse and Seed
Nursery
Organic Certification
Pesticide Applicators Licensing
Pesticide Registration
Phytopsanitary Certification



SMART Act

- Performance Plan Update
 - Creates each Division as a Major Program Area (MPA)
 - Establishes key strategies for each MPA
 - Tracks critical processes for each strategy, to include inputs and outputs for each process
 - Develops base performance metrics
 - Metrics are reported quarterly to leadership
 - Strategies are further evaluated for Lean opportunities to flush out greater efficiencies
 - Efficiency savings are reinvested into struggling programs to improve performance



Infrastructure Needs

- The Department has no immediate infrastructure needs outside of the State Fair operating Decision Item



CORE Update

- Training
 - Initial training was useful for navigation however, specific training related to system tables, processing documents, and workflows would have been helpful.
 - Department training was led by the internal accounting staff, which was very useful for programs.
- Transition
 - The transition was as smooth as it could be for CDA. The Department spent 18 months preparing for the transition.
 - CDA initiated CORE slowly in the first few weeks to ensure programs and accounting staff were comfortable with the system
- Workload
 - The Department experienced an increased workload during the first few weeks of implementation. At this time, most programs have assimilated CORE in to their normal duties.



Colorado State Fair

- CDA Philosophy for the CSF:
 - *The philosophy of the Department and the Fair is that the Fair be the main attraction for agriculture throughout the State. While providing an enjoyable experience through education, entertainment, and attractions, the Fair aims to educate and showcase agriculture to all patrons of the Fair.*
 - *The Department believes that the Fair, as a showcase for Agriculture (and other industries) statewide, should receive some level of support from the General Fund to sustain critical educational programs such as 4H and FFA in addition to providing support for the maintenance and operations of the State owned facilities.*



Colorado State Fair Cont.

- Figures from the 2010 economic impact report of the Colorado State Fair, National Little Britches Rodeo, and Off-Season Events:

	CSF	NLBRF	OSE	Total
Colorado	\$ 1,498,363	\$ 121,461	\$ 77,224	\$ 1,697,048
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City of Pueblo	\$ 1,678,717	\$ 140,701	\$ 84,582	\$ 1,904,000
Total	\$ 4,005,241	\$ 324,548	\$ 205,302	\$ 4,535,091

- The Fairgrounds generate approximately \$1.6 million of General Fund revenue for the State. Currently, the Fairgrounds only receive \$250,000 of this General Fund revenue.



Colorado State Fair Cont.

- Solvency plan for the Fairgrounds:
 1. Increase sponsorships
 - Sponsorships increased approximately \$90 thousand in 2014 and continues to trend upwards.
 2. Reduce expenditures
 - The Department restricted approximately \$800 thousand of the total FY 2013-14 CSF appropriation.
 - The 2014-15 restriction is approximately \$500 thousand.



Colorado State Fair Cont.

- Solvency plan for the Fairgrounds cont.:
 3. 4H and FFA program funding
 - Received a \$250 thousand General Fund appropriation for 4H and FFA program costs
 - HB 14-1300 provided an additional \$300 thousand General Fund for FY 2014-15
 4. Modernize systems
 - Moved to a new ticketing system with Altitude tickets
 - Gate increased 7%, Carnival increased 17%, and concerts increased approximately \$200 thousand since 2012 (the final year of the old system)



Colorado State Fair Cont.

- Is the plan working?
 - The preliminary 2014 State Fair net income is approximately \$750 thousand; making the 2014 one of the most profitable Fairs in its' history.
 - The Fair deficit is projected to be reduced by nearly \$1 million by the end of 2015 with solvency to be achieved by the end of FY 2016.
 - Solvency cannot be achieved without support from the General Fund.
 - No new revenues are needed from the General Fund since the Fair currently generates \$1.6 million of General Fund on its own.



Colorado State Fair Cont.

- **Status of the Naval Reserve**
 - The facility has been completely remediated of asbestos and lead.
 - The building has been demolished. The CSF intends to use the vacant space for additional parking during events.



Industrial Hemp

- Farm Bill
 - Met the needs of CU and CSU. DEA is still unclear with regards to federal funding therefore; CU and CSU has not requested CDA to obtain hemp seed under its license.
 - The Farm Bill limits access to hemp seed to institutions of higher education. To CDA's knowledge, DEA has not issued controlled substance licenses to individuals.
- Transport
 - Hemp seed may not be transported via USPS or other mail couriers. Hand-to-hand couriers may be used within the State only.
- Other State Programs
 - Other states are still in the early processes of regulation. CDA remains in contact with these states and works collaboratively with them.



Long Bill Format Change

- Staff recommendation to eliminate bottom-line funding of the Ag Services Division and rename lines to specific divisions:
 - The Department supports the staff recommendation



Groundwater Study in the South Platte

- Specifics are provided in the written responses to the Committee.
- Selenium leaching
 - The results for the split samples collected for CDPHE during the third round of sampling were analyzed for selenium as part of their dissolved metals analysis. The Clean Water Program at CDPHE has more information for specific questions on this data. However, from what was provided to our program, none of the dissolved selenium concentrations for the 22 monitoring wells sampled were above the EPA MCL of 50 ppb. The median concentration was 3.0 ppb and concentrations ranged from 0.97 to 10 ppb. All 22 wells contained dissolved selenium above the reporting limit of 0.17 ppb.



Potato Trade Agreement with Mexico

- The US and Mexico reached agreement in early 2014 that allowed for US fresh potatoes to be imported beyond the existing 26 kilometer border area, to include all cities throughout Mexico with populations greater than 100,000.
- Within weeks, lawsuits were filed in Mexico claiming that Mexico's Ag Ministry did not sufficiently protect Mexico's potato industry from US borne pests and diseases.
 - International panels had previously determined that the new agreement would not result in any new pests or diseases being introduced to the Mexican market



Potato Trade Agreement with Mexico cont.

- US and Mexico will operate under the old agreement (with the previous restrictions) until the lawsuits are resolved.
- CDA's Markets Division continues to work with Colorado potato producers and shippers to support sales to the border region.
- Despite the restrictions, Colorado's potato exports to Mexico have increased.



Conclusion

- With less than one-tenth of one percent of the State General Fund, the Department of Agriculture works to sustain and enhance Colorado's \$40 Billion agricultural industry, supports an approximate 170,000 jobs, and protects consumers, animals, and the environment.



Questions/Discussion

**DEPARTMENT OF AGRICULTURE
FY 2015-16 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Monday, December 1, 2014
3:00 pm – 5:00 pm**

3:00-3:20 INTRODUCTIONS AND OPENING COMMENTS

3:20-3:35 QUESTIONS COMMON TO ALL DEPARTMENTS

(The following questions require both a written and verbal response.)

1. SMART Government Act:
 - a. Please describe how the SMART Government Act is being integrated into the department's existing processes (both in terms of service delivery and evaluating performance).
 - b. How is the data that is gathered for the performance management system used?
 - c. Please describe the value of the act in the department.

2. Do you have infrastructure needs (roads, real property, information technology) beyond the current infrastructure request? If so, how do these needs fit in with the department's overall infrastructure priorities that have been submitted to the Capital Construction Committee or Joint Technology Committee? If infrastructure should be a higher priority for the department, how should the department's list of overall priorities be adjusted to account for it?

3. Describe the department's experience with the implementation of the new CORE accounting system.
 - a. Was the training adequate?
 - b. Has the transition gone smoothly?
 - c. How has the implementation of CORE affected Staff workload during the transition?
 - d. Do you anticipate that CORE will increase the staff workload on an ongoing basis? If so, describe the nature of the workload increase and indicate whether the department is requesting additional funding for FY 2015-16 to address it.

3:35-4:00 COLORADO STATE FAIR

Colorado State Fairgrounds Maintenance and Operations

4. How will the difference between the total cost of maintenance and the General Funds requested be funded?

5. Please provide a strategic look at how the State Fair can be stabilized in future years so that it is self-sustaining.

6. What is the Department's philosophy with regard to the State Fair as a show case for the state's agriculture industry? Specifically, does the Department believe the Fair can be a self-sustaining enterprise or is it to be subsidized by the state?
7. The recent audit Colorado State Fair reports that Fair's liabilities significantly exceed its revenues year-over-year. Does the State Fair have a plan to achieve self-sustainability in the future?
8. Please explain where and to what degree the economic benefit of the State Fair is felt. How much do those who receive that economic benefit contribute to the Fair?
9. To what degree could the fairgrounds be closed during the non-fair months to reduce costs and save money?
10. Please provide an update on the status of the ticket modernization system. Did the modernization meet the Fair's stated goals and expectations, specifically in regards to increased revenue generation?
11. Please provide a break-down by venue of maintenance costs in the off-season and potential areas where the State Fair can achieve cost savings.
12. Please provide details on the number of restaurants on the fairgrounds that operate year-round and their profitability. How much revenue does the State Fair collect from these restaurants?
13. Please provide a status update of the Navy building on the fairgrounds. Will the state again take possession of the building in future years?

4:00-4:05 BREAK

4:05-4:30 INDUSTRIAL HEMP PRODUCTION IN COLORADO

14. Considering the provisions of the 2014 Farm Bill passed by the U.S. Congress:
 - a. Did the provisions of the 2014 federal Farm Bill meet the needs of Colorado State University to pursue a research and development program for industrial hemp?
 - b. Do ranchers and farmers have access to hemp seeds and are they using them?
 - c. What is the legal status for the transport of hemp seeds in Colorado?
15. Please provide examples of other states' programs or actions that can be taken by Colorado to more aggressively expanding the adoption of industrial hemp as a commercially viable crop. What can the state do to encourage the commercial growth of industrial hemp?
16. Has the Department had any discussions with the Office of Economic Development and International Trade about the advocacy of industrial hemp by the Governor's office with the Western Governor's Conference?

4:30-4:40 LONG BILL LINE ITEM FORMAT CHANGES

Staff made a recommendation that the Agriculture Services Division line item in the Long Bill be updated to more accurately reflect the divisional organization of the Department and to cease bottom line funding this section of the Long Bill.

17. Does the Department object to the suggested format changes of the Agriculture Services Division line item in the Long Bill?
18. Several years ago the Department's section of the Long Bill was reformatted and consolidated. Will these changes negatively impact, or undo, those changes?

4:40-4:45 ADDITIONAL DISCUSSION ITEMS

19. Please provide an update on the on the 2013 study of groundwater in the South Platte River Basin, with particular focus on selenium leaching.

4:45-5:00 APPENDICES

20. Please provide an updated on the potato trade agreement between Colorado and Mexico.
21. Do the current metrics for the State Fair appropriately reflect the Department's priorities?
22. Does the Department anticipate creating a SMART Act metric for the industrial hemp program?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implement or has partially implemented the legislation on this list.
2. What is the turnover rate for staff in the department? Please provide a breakdown by office and/or division, and program.
3. Please identify the following:
 - a. The department's most effective program;
 - b. The department's least effective program (in the context of management and budget);
 - c. Please provide recommendations on what will make this program (2.b.) more effective based on the department's performance measures.
4. How much capital outlay was expended using either operating funds or capital funds in FY 2013-14? Please break it down between the amount expended from operating and the amount expended from capital.

5. Does Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2014? What is the department doing to resolve the outstanding high priority recommendations?

[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/\\$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf)