



COLORADO
Department of Agriculture

Performance Plan for FY15

July 1, 2014

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STRATEGIC COMPONENT

Vision & Mission



The Colorado Department of Agriculture and its more than 250 employees are unified around a common **vision** “that Colorado agriculture be strong and vibrant, a key driver of the state’s economy, and recognized worldwide for its safe, affordable, and abundant supply of high quality food and agriculture products.”

In order to attain this vision, the Department strives each day to deliver programs and services that lead to fulfilling its **mission** “to strengthen and advance Colorado agriculture; promote a safe, high quality, and sustainable food supply; and protect consumers, the environment, and natural resources.”

Department Description

Colorado’s food and agriculture industry ranks among the state’s most important economic drivers, creating employment for more than 170,000 Coloradans and generating more than \$40 billion in economic activity annually. The Department helps support this broad and diverse key industry network, as well as all of Colorado’s citizens, through a wide range of marketing, regulatory, and service related activities delivered through the Commissioner’s Office and its seven operating divisions. Authority for the Department and its work exists within Colorado Revised Statutes, specifically Titles 12 (Article 16, Parts 1 and 2), Title 18 (Article 9, Part 2), and Title 35.

The **Commissioner's Office** provides oversight of the Department’s operating divisions, in addition to support functions such as communications, fiscal and legislative policy, human resources, information technology, and public information. The office also oversees continuity of operations and LEAN process improvement, as well as provides leadership and advocacy for the food and agriculture key industry network on issues including, but not limited to, Federal farm legislation, water policy, animal welfare, and environmental rules and regulations.

The **Animal Industry Division** provides livestock disease prevention and control, as well as laboratory services through the Rocky Mountain Regional Animal Health Laboratory (RMRAHL), rodent and predator control services, pet animal care facility inspection and licensing, licenses aquaculture facilities, and conducts animal cruelty investigations.

The **Brands Division** inspects and verifies ownership of approximately four million head of livestock annually, investigates theft and abandonment of livestock and assists in prosecutions as necessary. The Division also records and administers nearly 35,000 Colorado livestock brands,

licenses public livestock markets and certified feedlots, inspects alternative livestock (i.e., elk and fallow deer), and inspects and licenses over sixty alternative livestock facilities.

The **Colorado State Fair** highlights and provides a showcase for the Colorado agriculture industry through the annual eleven day event. Colorado youth enrolled in 4-H and FFA programs are highlighted and recognized for their efforts in the livestock, crops, and general project areas such as leather crafts and leadership. In addition to the strong youth education, the State Fair provides for competition in a number of general entry categories such as commercial livestock, art, baking, canning, flowers, needlework, and winemaking. The State Fair accommodates a year-round schedule for a variety of exhibitions and commercial activities with the private sector and local educational institutions.

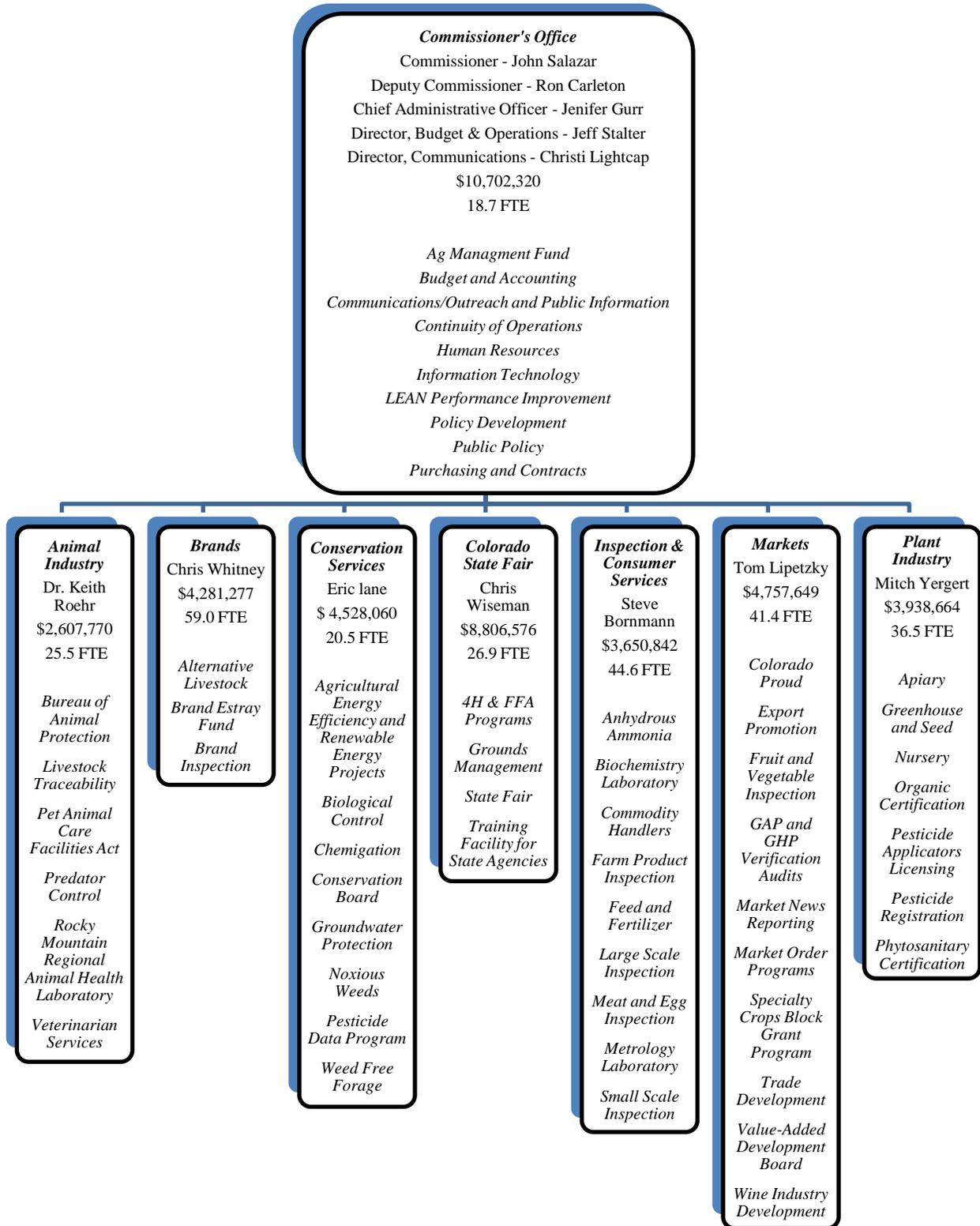
The **Conservation Services Division** comprises seven programs - Agricultural Chemicals and Groundwater Protection, Agricultural Energy, Biological Pest Control, Chemigation, the Colorado State Conservation Board, Noxious Weed Management, and Weed Free Forage. Together, these programs provide technical and financial support, leadership and statewide coordination, and regulatory oversight to public/private landowners and agricultural businesses statewide on an array on natural resource management challenges.

The **Inspection & Consumer Services (ICS) Division** provides inspection of animal feed, fertilizer, anhydrous ammonia tanks, eggs, grain warehouses, agricultural commodity handlers and farm products dealers, custom meat and wild game processors, door-to-door food sales companies, weighing and measuring devices, and packages for correct weight and pricing. ICS also provides metrology and other regulatory-related laboratory services such as feed, fertilizer, groundwater, and pesticide analysis.

The **Markets Division** assists Colorado food and agricultural suppliers to increase product marketing opportunities worldwide, as well as to foster the development of value-added and processing business ventures. Key initiatives to promoting products locally are the Colorado Proud program, Colorado MarketMaker, Farm Fresh, and a wide array of other directories and listings. The Markets Division also collects and disseminates livestock market news and provides size and grade inspection services and Good Agricultural Practices (GAP) and Good Handling Practices (GHP) verification audits for fruit and vegetable producers and shippers. Additionally, the Division provides administrative oversight for nine market order programs, helps promote Colorado wines through the Colorado Wine Industry Development Board, and administers the state's Specialty Crop Block Grant Program for the benefit of Colorado's fruit, vegetable, and green industry producers.

The **Plant Industry Division** provides organic certification; nursery stock dealer registration and inspection; produce, plant, and seed export certification; exotic plant pest surveys; hemp registration and inspection; seed dealer registration and inspection; plant quarantine enforcement; bee health certification; chemigation and groundwater program containment inspections; commercial and private pesticide applicator testing, licensing, inspections and investigations; and pesticide registration, marketplace pesticide inspections, and pesticide dealer inspections.

Organization Chart



Funding

The Department receives less than one-tenth of one percent of the statewide General Fund appropriation. Therefore, funding for the Department is derived largely from fees charged for licenses, inspections, and other services. These cash funds make up 66% (\$29,141,578) of the FY 2014-15 department budget while General Fund accounts for 21% (9,311,389). In addition to cash and General Fund support, the Department receives reappropriated and federal funds that make up the remaining 13% (\$1,626,526 RF) and (\$4,101,912 FF).

<i>Department of Agriculture FY15 Appropriation (HB 14-1336)</i>						
		General Funds	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
Commissioner's Office		\$3,017,360	\$5,885,714	\$1,500,526	\$298,720	\$10,702,320
Animal Industry Division	Veterinary Programs	\$1,489,648	\$540,835	\$0	\$252,967	\$2,283,450
	RMRAHL	\$0	\$324,320	\$0	\$0	\$324,320
Brands Division		\$0	\$4,281,277	\$0	\$0	\$4,281,277
Colorado State Fair		\$250,000	\$8,556,576	\$0	\$0	\$8,806,576
Conservation Services Division	Conservation Programs	\$1,440,180	\$631,425	\$0	\$430,818	\$2,502,423
	Conservation Board	\$1,072,778	\$450,000	\$0	\$502,859	\$2,025,637
Inspection & Consumer Services Division		\$1,009,582	\$2,204,033	\$84,000	\$253,867	\$3,551,482
Markets Division	Marketing Programs	\$469,152	\$1,130,067	\$45,000	\$923,608	\$2,567,827
	Ag Products Inspection	\$200,000	\$1,989,822	\$0	\$0	\$2,189,822
Plant Industry Division		\$362,689	\$2,346,532	\$0	\$1,229,443	\$3,938,664
Total Funds		\$9,311,389	\$29,141,578	\$1,629,526	\$4,101,912	\$44,184,405

Offices

The Department embarked on an ambitious office consolidation project in FY14 that, when completed, will consolidate staff from its five Denver metro offices into a single property in the Interlocken Business Park near Broomfield. Phase I of the project, completed in May 2014, consolidated the Commissioner’s Office and the Animal Health, Brands, Conservation Services, Markets, and Plant Industry divisions. The consolidation is expected to be completed by the end of FY16 when the Inspection & Consumer Services division, BioChemistry Laboratory, Metrology Laboratory, and the Rocky Mountain Regional Animal Health Laboratory are relocated to the new property. Besides its main office in Broomfield, the Department has offices in Grand Junction, Monte Vista, Palisade, and Pueblo. The Department’s current office locations include:

<i>Office Location</i>	<i>Department Operation(s) at the Location</i>
305 Interlocken Parkway Broomfield, CO	<ul style="list-style-type: none"> • Animal Health Division • Brands Division • Commissioner’s Office • Conservation Services Division • Markets Division • Plan Industry Division
2331 W. 31 st Avenue Denver, CO	<ul style="list-style-type: none"> • Inspection & Consumer Services (ICS) Division and BioChemistry Laboratory • Rocky Mountain Regional Animal Health Laboratory (Animal Industry Division)
3125 Wyandot Street Denver, CO	<ul style="list-style-type: none"> • ICS Metrology Laboratory • ICS Field Programs
2738 Crossroad Blvd Grand Junction, CO	<ul style="list-style-type: none"> • Conservation Services Field Office
735 Second Avenue Monte Vista, CO	<ul style="list-style-type: none"> • Fruit & Vegetable Inspection Section (Markets Division)
750 37.8 Road Palisade, CO	<ul style="list-style-type: none"> • Insectary (Conservation Services)
1001 Beulah Avenue Pueblo, CO	<ul style="list-style-type: none"> • Colorado State Fair

Strategic Policy Initiatives

To help focus and direct the Department's efforts, executive leadership, along with the Department's senior management team, identified both one-year and three-year strategic policy initiatives that provide the overarching goals for the Department. These strategic policy initiatives, in no particular order, include;

One Year (by July 1, 2015)

- ✓ ***Capitalize on the new agreement with Mexico that, after decades of restrictions, expanded market access for fresh potatoes.***

Goal To increase shipments of Colorado potatoes to Mexico by 20% as compared to FY14. Shipments totaled 1,849 for FY13 (79.19 million pounds) and as of April 29, 2014 shipments for FY14 totaled 1,918 (82.12 million pounds).

- ✓ ***Enhance energy efficiency opportunities for Colorado agricultural producers.***

Goal To launch a state-wide program, in collaboration with the Colorado Energy Office, that delivers a more efficient energy audit and energy conservation measure implementation process for Colorado's dairies and powered irrigators.

- ✓ ***Foster growth and market opportunities for Colorado's livestock producers.***

Goal To maintain Colorado's disease-free status.

- ✓ ***Increase marketing and sales opportunities for licensed Colorado Proud members.***

Goal To increase consumer awareness of the Colorado Proud logo from 78% as of FY14 to 80%.

Goal To increase the percent of consumers looking for the Colorado Proud logo when shopping from 64% as of FY14 to 66%.

Goal To maintain the percent of consumers reporting the purchase of Colorado products at 85%.

Source: Survey USA – September 2013

- ✓ ***Position the Department to better assist industry and the public with information about food safety.***

Goal To develop a directory of Department-wide and state-wide food safety resource contacts and regulatory roles.

Three Year (by July 1, 2017)

✓ ***Complete the Department's Office Consolidation.***

Goal For all of the Department's metro offices and laboratories to be consolidated to its new office complex in the Interlocken Business Park.

✓ ***Improve the overall customer service experience for visitors to the Colorado State Fair.***

Goal For the index of customer experience ratings to increase from 3.66 for the 2012 Fair to a 4.0 rating on a five-point rating scale with 1 being poor and 5 being excellent.

Source: EventCorp Services survey - 2012

✓ ***Increase public understanding of agriculture and its importance to Colorado's economy.***

Goal For the percent of consumers citing the Department as a trustworthy source of information about agriculture to increase from 38% to 42%.

Source: CSU survey on Public Attitudes about Agriculture in Colorado – 2012.

✓ ***Expand exports of Colorado food and agricultural products.***

Goal For the total value of Colorado food and agricultural product exports to top \$2.25 billion.

✓ ***Complete the Department's E-License project.***

Goal For 90 percent of all registrations and 100 percent of all inspections to be completed utilizing the E-License system.

✓ ***Maintain high levels of customer satisfaction.***

Goal For 85 percent of respondents to the Department's Industry Stakeholder Survey to rate their experience with the Department as excellent or good (i.e., top 2 box score).

OPERATIONAL COMPONENT

Major Program Areas

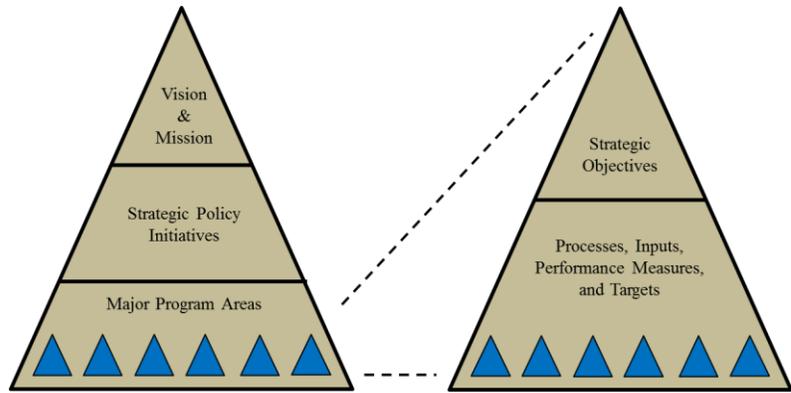
For purposes of the operational component of this plan, the Department has identified its major program areas to generally reflect the Department's seven operating divisions. This approach will also more directly align the Department's annual budget request with specific strategies and performance measures. The Department's major program areas and the stated strategic objective of each are as follows:

Major Program Area	Strategic Objective
Animal Health	To promote animal health through livestock disease control and animal care activities.
Brand Inspection	To protect the livestock industry from loss by theft, illegal butchering, or straying of livestock.
Colorado State Fair	To display livestock and agriculture, horticulture, industrial, mining, water conservation, tourist industry, recreational, educational, and scientific facilities, processes, and products of the State of Colorado.
Conservation Services	To collaborate with public and private landowners across Colorado to enhance the stewardship of natural resources related to agricultural practices and lands.
Inspection & Consumer Services	To protect consumers and agricultural producers and to provide a safe and equitable marketplace for the citizens and animals of Colorado.
Marketing Programs	To increase marketing and value-added processing opportunities for Colorado's food and agriculture industry.
Plant Industry	To provide human health, environmental, consumer and industry protection, and facilitate the export of plant commodities.

Plan Structure

The Department's operational plan might best be thought of as a series of linked pyramids. The diagram that follows illustrates the relationship between the Department's vision and mission statements and the strategies (or processes) implemented within each of the major program areas. While the Department's vision and mission are general in nature and intended to chart the Department's course well into the future, the processes more generally reflect the Department's day-to-day focus.

Bridging the gap between the Department's broad vision and mission statements and the strategies (i.e., processes) are the strategic objectives. These are the core areas of concentration around which the Department's operational plan is developed. They are more specific than is the vision and/or mission, tie directly to the Department's identified



major program areas, and are intended to set program direction in the nearer term. Each and every process is directly aligned toward achieving one or more of these strategic objectives. In turn, meeting the strategic objectives contributes toward achieving the Department's broader strategic policy initiatives, as well as the Department's mission, and ultimately, vision.

As required by the SMART Act, each Major Program Area has identified one discreet process representative of the work performed by staff in that area. Additional processes will be added in future years with the target being to have mapped all discrete processes within two years. The identified process with a description of the environment, key inputs, steps taken by staff to implement the process, and performance measures for each of the major program areas are as follows...

Major Program Area:	Animal Health Division
Process:	Disease Traceability

Mission/Purpose

A robust disease traceability program is important to responding to significant livestock diseases and investigations. Authority for the response and investigation of livestock diseases is provided to the Animal Health division under CRS 35-50-105. New Federal animal disease traceability rules have also mandated that states be able to trace livestock movements. The health certificates issued by veterinarians for the interstate movement of livestock contain information about livestock movement and animal ID data. When assimilated into the multi-state USA Herds platform, this data can be queried to aid in the timely traceback of animal diseases and for investigations.

Customer(s)

- Veterinarians
- Livestock Producers

Stakeholder(s)

- Other state animal health officials for other states
- Livestock associations
- CSU Diagnostic labs & Extension
- Public health officials
- USDA – Veterinary Services

Beneficiary(ies)

- State of CO, public, taxpayers, and consumers

Inputs

FTE

- 6.5 FTEs directly involved in disease traceability activities

Financial

- General Fund for Animal Health Division
- Grant funds from USDA of approximately \$180,000.

Agreement(s) & MOU(s)

- Cooperative Agreement with USDA Veterinary Services

Plant, Facilities, Equipment & Technology

- The Animal Health division licenses the USA Herds database software from the National Agribusiness Technology Center. Colorado is one of 20 states that currently utilize the USA Herds platform for animal health information management.

Workload/Scope of Service Area

- Colorado's livestock herd consists of more than 3.5 million cattle, sheep, swine, horses and goats.
- Traceability compliance requires the Animal Health division to interact and collaborate with the nearly 900 private practicing livestock veterinarians across Colorado.

Process

Key Steps

- 1) Livestock premises are registered within the USA Herds database.
- 2) Prior to any interstate movement, a veterinarian will inspect the livestock, ensuring the health of the animals and issue a Certificate of Veterinary Inspection.
- 3) Veterinarians send the paper CVI's to the Animal Health division.
- 4) Information from the CVI's relating to livestock movement is entered into ten different data fields of USA Herds. As more veterinarians convert to electronic certificates, it is expected that both the number of paper certificates handled by the division and workload for data entry into USA Herds will decrease. CVI's for small animal movements is not currently entered into USA Herds.
- 5) Data from the CVIs is now searchable and reports can be run in order to trace diseased animals to determine location and past movement.
- 6) Office personnel can respond to requests for information by using USA Herds.

Outputs

Simple Outputs				
Description	FY13	FY14	FY15	FY17
	Actual	Estimated	Projected	
Total number of livestock premises recorded and maintained in USA Herds	39,000	41,000	43,000	46,000
Number of paper CVI's handled by the Animal Health division	52,559	52,800	48,000	48,000
Number of paper livestock CVI's where data is entered into USA Herds	42,175	42,300	38,000	32,000
Number of private veterinarians using electronic CVI's	220	250	280	320
Number of animal disease traceability performance exercises conducted to meet USDA traceability standards	12	14	16	16

Informational Outputs (i.e., Performance Measures)					
Description		FY13	FY14	FY15	FY17
Percent of animal disease traceability performance exercises conducted that meet USDA traceability standards	Target	100%	100%	100%	100%
	Actual	100%	-	-	-
Percent of disease traceability investigations determining the location of the diseased animal(s) within 1 business day	Target	95%	95%	95%	95%
	Actual	NA	-	-	-
Percent of disease traceability investigations determining the movement of diseased animals within 7 business days	Target	95%	95%	95%	95%
	Actual	NA	-	-	-

Mission/Purpose

The purpose of brand inspections is to minimize theft of livestock and maximize the return of estrays. In many ways, livestock brands might be viewed as the animals return address. The brand inspection process includes inspecting and verifying ownership of livestock before sale, when transporting over 75 miles within Colorado, transporting out of state, or before slaughter. It may also include investigating reports of lost or stolen livestock and coordinating with state and local law enforcement agencies and prosecutors, and exchanging and monitoring information among other brand states and Canada.

Authority for brand inspection is provided in CRS Title 35, Articles 41 – 57.9.

Customer(s)

- Livestock owners and buyers

Stakeholder(s)

- State Board of Stock Inspection Commissioners
- Organizations including the Colorado Cattlemen’s Association, Colorado Livestock Association, Colorado Horse Development Authority, and Colorado Elk Breeders Association
- State and local 4H and FFA programs
- Auction markets and buyers

Beneficiary(ies)

- State of Colorado, taxpayers, and public
- State and local law enforcement agencies
- State Veterinarian
- Bureau of Animal Protection

Inputs

FTE

- 49 Brand Inspectors, 10 Supervisors, and 11 administrative staff.
- State Board of Stock Inspection Commissioners (Brand Board) – a Type 1 board whose five members are appointed by the Governor for four-year terms
- State Board of Stock Inspection Commissioners Rules and Regulations (Colorado Code of Regulations)

Financial

- 100% cash funded by fees for service and brand assessments with an annual budget of approximately \$4.2 million.

Agreement(s) & MOU(s)

NA

Plant, Facilities, Equipment & Technology

- Fleet of approximately 65 vehicles assigned to inspectors.

Workload/Scope of Service Area

- Approximately 4 million head of cattle, horses, elk, etc. are sold across Colorado in any given year.

Process

Key Steps for Country Inspections

- 1) Local brand inspectors and/or supervisor are contacted by the livestock/alternative livestock owner to schedule an inspection.
- 2) The inspector travels to the location where the inspection will be conducted.
- 3) The inspection is conducted, verifying that the person in control of the animal(s) either owns or is authorized to be in control of the animal(s).
- 4) A certificate of ownership/authorization for travel is prepared and provided to the livestock owner.

- 5) The scheduled fee amount is collected by the inspector, deposited to a local bank account in the name of the Brand Board, and remitted to the Brand Board on a monthly basis.

Key Steps for Market Inspections

- 1) Inspectors are assigned to attend various public livestock auctions. Currently, there are 27 licensed auctions in Colorado.
- 2) Upon unloading of livestock at the auction, the inspector will perform the inspection and conduct a document review of the bill of lading or other documents.
- 3) A “dock card” which essentially transfers ownership of the animals to the sale barn is prepared and is utilized to track the animals through the sale process.

Outputs

Simple Outputs				
Description	FY13	FY14	FY15	FY17
	Actual	Estimated	Projected	
# of head inspected	4.5 million	4.1 million	4.0 million	4.0 million
# of paper certificates issued	56,069	50,000	45,000	40,000
# of electronic certificates issued	0	0	5,000	10,000

Informational Outputs (i.e., Performance Measures)					
Description		FY13	FY14	FY15	FY17
% of inspections conducted in compliance with statute and regulations	Target	100%	100%	100%	100%
	Actual	100%	-	-	-
# of inspections resulting in a disputed legal action	Target	<5	<5	<5	<5
	Actual	0	-	-	-

Major Program Area:	Colorado State Fair
Process:	Non-Fair Facilities Rental

Mission/Purpose

The Colorado State Fair is a year round event facility that is capable of hosting both small and large events. While most of the focus is on the annual eleven-day Fair, the facility does host a variety of non-Fair events that promote tourism and increase the economic impact of the City of Pueblo and the State of Colorado. Increasing non-Fair use of the facility is expected to increase overall Fair revenues and help position the Fair for longer-term financial sustainability.

Authority for the Colorado State Fairs comes from CRS 35-65.

Customer(s)

- Event promoters, recreational vehicle associations, small event planners, and organizers of athletic events, trade shows, and special events.

Stakeholder(s)

- State Fair Commission
- City and County of Pueblo
- Department of Agriculture
- Concessionaires'

Beneficiary(ies)

- Colorado State Fair
- State of Colorado, taxpayers, and public
- City and County of Pueblo
- Concessionaries'
- Event equipment suppliers

Inputs

FTE

- 1 FTE. No staff has previously been solely dedicated to this process.

Financial

- Revenues from the State Fair operations will support this position with personal services and operating costs estimated at \$65,000 - \$75,000.

Agreement(s) & MOU(s)

NA

Plant, Facilities, Equipment & Technology

- The State Fairgrounds, located in Pueblo, consists of 43 buildings of various purposes and capacities.

Workload/Scope of Service Area

- Non-Fair revenue generated in FY13 was \$685,789. With non-Fair facilities utilization at about 50%, there is good upside for incremental revenue growth. The ability for increasing rentals of the Horse Show area or for family events like weddings and parties is limited. However, greater utilization for grounds-wide events, as well as the Events Center and Grandstand offer significant opportunity for revenue growth.
- Outreach and marketing efforts will primarily target concert promoters, recreational vehicle rally organizers, animal breed organizations, and convention event planners. This target group numbers in the thousands and will be refined by a strategic planning process to focus on the best possible outcome.

Process

Key Steps

- 1) Inventory State Fair facilities and identify the blocks of dates and times when the facilities are underutilized.
- 2) Research facilities rental fees and develop a rental fees schedule that is competitive with alternative venues.
- 3) Develop a target listing of potential renters, promoters, trade organizations, and other possible facilities users.
- 4) Market information about the State Fair facilities to the target audience and follow-up to inquiries and new business leads.
- 5) Enter into agreements with those individuals and organizations wanting to contract for facilities.

- 6) Ensure facilities are prepared for the individuals and organizations to utilize during the contracted time period and that staff is available on-site to manage any issues or questions arising during the event.
- 7) Conduct post-event follow-up to gather insight into how facilities and/or services can continue to be improved upon.

Outputs

Simple Outputs				
Description	FY13	FY14	FY15	FY17
	Actual	Estimated	Projected	
Number of prospective renters, promoters, trade organizations, and other possible facilities users reached through communications efforts and direct sales calls.	0	0	250	450

Informational Outputs (i.e., Performance Measures)					
Description		FY13	FY14	FY15	FY17
Effective utilization rate of the State Fair facilities	Target	48%	48%	60%	70%
	Actual	48%	-	-	-
Non-Fair revenues	Target	NA	NA	+\$86,000	+\$155,000
	Actual	\$685,789	-	-	-

Major Program Area:	Conservation Services
Process:	Noxious Weed Control

Mission/Purpose

The Noxious Weed Program supports local governmental entities and collaborates with all landowners and managers to achieve eradication of List A species, and to contain the spread of List B species. The Program provides financial resources, labor and expertise to landowners and local entities, and ensures that the requirements of the Noxious Weed Act are being met. The Program also assists with the management of List C species and maintains a Watch List of potentially harmful new plant species.

CRS Title 35, Article 5.5 provides the basis for noxious weed management.

Customer(s)

- Affected landowners
- Local governmental subdivisions

Stakeholder(s)

- Affected landowners
- Local governmental subdivisions
- Grantees
- Adjacent landowners

Beneficiary(ies)

- State of Colorado, taxpayers, and the general public concerned with Colorado’s agricultural industry, wildlife habitat, and native plant communities.

Inputs

FTE

- 3.0 FTE

Financial

- Annual GF appropriation of \$324,000 for personal services and operating costs
- Annual GF appropriation of \$550,000 for grants to local communities

- Annual federal grant of \$104,000 for grants to local communities

Agreement(s) & MOU(s)

- N/A

Plant, Facilities, Equipment & Technology

NA

Workload/Scope of Service Area

- 23 List A species are identified for prevention and eradication
- 37 List B species are identified for eradication, containment, and suppression
- Programs are implemented in cooperation with 64 counties and 300+ municipalities

Process

Key Steps for List A

- 1) A new List A population site is identified by a stakeholder.
- 2) Program fields a staff member to verify identification.
- 3) Program alerts local governing body about site and triggers a thorough survey of area to delineate population.
- 4) Program consults with local governing body to develop and implement eradication plan.
- 5) Program provides field support and grant funds to achieve plan.
- 6) Program measures progress to determine what steps, regulatory or non-regulatory, should be taken to advance plan.

Key Steps for List B

- 1) Program develops List B management plan in consultation with local, state, and federal agencies.
- 2) Plan is adopted by rule.
- 3) Program focuses limited resources on targeted List B populations in coordination with local governing bodies.
- 4) Program evaluates progress and adaptively manages.

Outputs

Simple Outputs				
Description	FY13	FY14	FY15	FY17
	Actual	Estimated	Projected	
Total dollars allocated to grantees and monitored for compliance	\$654,000	\$645,000	\$550,000	\$550,000
Staff visits to List A populations, except for myrtle spurge and purple loosestrife	1,185	1,100	1,100	1,100
Counties visited by Noxious Weed Program staff for purposes of assistance with monitoring, treatment or advice	38	40	45	45

Informational Outputs (i.e., Performance Measures)					
Description		FY13	FY14	FY15	FY17
% of List A sites that meet annual elimination objective	Target	100%	100%	100%	100%
	Actual	85%	-	-	-
% of List A sites that are visited within one week of being reported to document plant population and begin verification process.	Target	100%	100%	100%	100%
	Actual	100%	-	-	-

Major Program Area:	Inspection & Consumer Services
Process:	Commercial Weighing and Measuring Device Inspection

Mission/Purpose

The Measurement Standards Program regulates the accuracy of commercially used weighing and measuring devices to provide consumer protection and equity in the marketplace. Authority is provided in CRS Title 35, Article 14 and requires the testing of commercial weighing and measuring devices every twelve months.

Customer(s)

- Agriculture producers who sale their products over scales
- Consumers who purchase bulk commodities from grocery stores , meat shops and deli’s.
- Businesses that purchase and sell agricultural products, coal, cement and gravel, etc.

Stakeholder(s)

- Colorado Department of Revenue
- USDA- Packer and Stockyard Administration
- Department of Labor and Employment

Beneficiary(ies)

- State of Colorado, the general public, taxpayers and consumers.

Inputs

FTE

- 14.8 FTE with 18 inspectors, 16 of these inspectors conduct various other regulatory duties, and two are dedicated to the inspection of large scales only.

Financial

- Revenues from license fees of approximately \$1,350,000
- Annual General Fund appropriation of \$125,000 (25% of the cost of the large device inspection program)

Plant, Facilities, Equipment & Technology

- Metrology Laboratory
- Six heavy fleet trucks outfitted with cranes for testing the large capacity scales.

Agreement(s) & MOU(s)

NA

Workload/Scope of Service Area

- There are approximately 26,700 devices operated by 7,915 licensees across the state. These devices range from very small scales in retail marijuana stores to 400,000 lb capacity scales at coal mines.

Process

Key Steps

- Inspectors review the inspection list to determine which device licensees are due for inspection within their assigned geographical territory.
- The inspector travels to the location where the device to be tested is located.
- Inspectors conduct testing of devices utilizing official standards approved by the Division’s Metrology Laboratory.
- The inspector will complete an inspection report and provide it to the licensee, and affix either an approval sticker or a work order sticker on the device based on the test outcome.

Outputs

Simple Outputs				
Description	FY13	FY14	FY15	FY17
	Actual	Estimated	Projected	
Number of licensee inspections completed	6,989	7,350	7,500	7,500
Number of devices tested	24,955	25,250	25,500	25,500

Informational Outputs (i.e., Performance Measures)					
Description		FY13	FY14	FY15	FY17
% of businesses with a scale inspection interval that exceeded 12 months	Target	0%	0%	0%	0%
	Actual	10%	-	-	-

Major Program Area:	Marketing Programs
Process:	Fruit & Vegetable Inspection

Mission/Purpose

The Fruit & Vegetable Inspection Section of the Markets Division provides “quality based” inspection services, helping to facilitate commercial sales between growers/shippers and wholesale/retail buyers. These inspections provide unbiased documentation of size, quality, and condition of the produce using internationally recognized U.S.D.A. grade standards and/or customer specific requirements.

Inspections are generally conducted near the point of production at an on-farm storage or packaging facility. Industry expectations are that all mandatory requests for inspection will be responded to within two hours.

Inspections are mandatory of all commercial shipments of potatoes in excess of 2,500 pounds, except those destined for commercial processing. The inspection of all other produce is voluntary. Terminal market inspections may also be requested by wholesale and/or retail buyers within the state for purposes of dispute resolution and/or confirmation of quality and size at the time of receiving the shipment.

CRS Title 35, Article 23 provides the basis for inspection of fruits and vegetables.

Customer(s)

- Growers and shippers of fruits and vegetables.

Stakeholder(s)

- Fruit and vegetable growers, as well as grower organizations including CPAC, CCPGA, CWSCAC, COA, CFVGA, and CAAC.
- Wholesale and retail buyers.
- U.S. Department of Agriculture.

Beneficiary(ies)

- State of Colorado, the general public, taxpayers, and consumers.

Inputs

FTE

- 24.75 FTE with 32 inspectors licensed by USDA to conduct fresh fruit and vegetable inspections.

Financial

- Annual General Fund appropriation of \$200,000.
- Revenues from services of approximately \$1.9 million annually.

Agreement(s) & MOU(s)

- Cooperative Agreement with the U.S. Department of Agriculture – Agricultural Marketing Service.

Plant, Facilities, Equipment & Technology

NA

Workload/Scope of Service Area

- Colorado is a leading producer of potatoes. Production regularly tops 20 million hundredweight (cwt.) with about 75% of that volume moved into commercial channels triggering mandatory inspection.
- The volume of other produce grown in the state for which inspections are sometimes requested include: sweet corn (1 million cwt.); apples (17 million lbs.); peaches (17,000 tons); cantaloupe (225,000 cwt.); and onions (2.5 million cwt.)

Process

Key Steps

- 1) Requests for inspection are received by the Fruit & Vegetable Inspection Section based in Monte Vista, CO.
- 2) An inspector is assigned by the Section Chief (1) or a Supervisor (2) to conduct the inspection.
- 3) The inspector will travel to the location where the inspection will take place.
- 4) Product samples are pulled from the lot and inspected for determination of size and quality standards. Information about the status of the lot is communicated to the shipper and/or grower throughout the inspection.
- 5) The inspector will complete a Certificate of Inspection and provide the document to the shipper and/or grower.
- 6) Copies of the Certificate of Inspection are provided to CPAC for purposes of collection of market order assessments.

Outputs

Simple Outputs				
Description	FY13	FY14	FY15	FY17
	Actual	Estimated	Projected	
# of inspection certificates (FV-184) issued	19,275	19,575	19,250	19,250
Total hundredweight (cwt.) of potatoes inspected (mandatory)	14,720,357	14,505,858	15,000,000	15,000,000
Total hundredweight (cwt.) of other commodities inspected (voluntary)	1,208,723	1,554,612	1,300,000	1,300,000

Informational Outputs (i.e., Performance Measures)					
Description		FY13	FY14	FY15	FY17
% of inspection requests responded to in < 2 hours.	Target	100%	100%	100%	100%
	Actual	100%	-	-	-
% of inspection requests responded to in < 30 minutes (this target serves as a leading indicator for optimal staffing levels)	Target	90-95%	90-95%	90-95%	90-95%
	Actual	97%	-	-	-
Number of shipments for which the initial shipping point inspection is reversed by an appeal inspection at the destination market due to permanent defects	Target	<5	<5	<5	<5
	Actual	0	-	-	-
Volume (cwt.) of shipments for which inspections that are reversed at the receiving point	Target	<2,000	<2,000	<2,000	<2,000
	Actual	0	-	-	-

Major Program Area:	Plant Industry Division
Process:	Export Certification

Mission/Purpose

The phytosanitary certificate program provides verification that a shipment of plant products has been inspected and is free from harmful pests and plant diseases. This protects the receiving state or country from disease or pests that do not already have. The program is based in the Plant Industry Division within the Colorado Department of Agriculture. The Markets Division Fruit and Vegetable inspection Service is a primary partner for both inspections and issuance of certificates for the program. The program provides a certification service for exporters of the plant products to other countries or states.

Requirements of importing countries are obtained through a U.S Department of Agriculture database, state quarantine database or import permit from the importing country. Inspections are required, and testing may also be required, to verify the requirements are met.

CRS Title 35, Article 4 provides the authority for conducting the inspections and issuing the certificates.

Customer(s)

- Producers and exporters of plant commodities that wish to ship plant products to another state or another country.

Stakeholder(s)

- Exporters of plant products
- Colorado Department of Agriculture
- U.S. Department of Agriculture
- Commodity Groups
- Receiving States and Countries

Beneficiary(ies)

- State of Colorado, taxpayers, producers, exporters.

Inputs

FTE

- 13 staff member are currently accredited by USDA to function as certifying officials. Export certification is a relatively small element of their overall assigned duties. One staff member is full-time with this activity.

Financial

- Revenues from inspections and certificates is approximately \$170,000 annually.

Agreement(s) & MOU(s)

- Cooperative Agreement with the U.S. Department of Agriculture - Animal Plant Health Inspection Service to issue federal phytosanitary certificates.

Plant, Facilities, Equipment & Technology

NA

Workload/Scope of Services Area

- Any plant commodity grown in Colorado has the potential to be exported to another state or country. Some plant products can move unrestricted due to the type of product and the risk of pest movement so they would not require a certificate. The current workload consists of many products such as potatoes, grains, crop and horticultural seed, sweet corn, vegetables, nursery stock and many other plant products.

Process

Key Steps

- 1) Requests for phytosanitary certificate are received via PCIT from the applicant.
- 2) ACO researches the requirements needed to meet the receiving states or country's import restrictions.
- 3) Based upon the requirements, the ACO determines what type of inspection, test, etc. must be conducted to determine if the plant part can be exported.
- 4) An inspector is assigned to conduct the inspection, take samples, etc.
- 5) Inspector makes an appointment and conducts the inspection and other actions as needed.
- 6) Inspector completes an inspection certificate to document results of the inspection.

7) If the inspection, test, other requirements are passed, a certificate is prepared by the ACO with the information provided by the applicant to meet the importing countries requirements.

8) Phytosanitary certificate is sent to the applicant.

Outputs

Simple Outputs				
Description	FY13	FY14	FY15	FY17
	Actual	Estimated	Projected	
Number of Federal phytosanitary certificates completed	3,730	4,200	4,600	4,600
Number of State phytosanitary certificates completed	560	500	550	550

Informational Outputs (i.e., Performance Measures)					
Description		FY13	FY14	FY15	FY17
% of Federal and State phytosanitary certificates issued within one day of request when the inspection, test or other required information is complete.	Target	100%	100%	100%	100%
	Actual	100%	-	-	-
% of Federal and State phytosanitary certificates issued with no errors.	Target	99%	99%	99%	99%
	Actual	99.25%	-	-	-



Colorado Department of Agriculture 2015 Regulatory Agenda

Adopt February 11, 2015 – Effective March 30, 2015

Notice Published	February 25, 2015
Rule Number	8 CCR 1202-7
Rule Title	“Rules for Pet Food Under the Colorado Feed Law, Sections 35-60-101 through 115, C.R.S.”
Statutory Authority	35-60-109 C.R.S.
Purpose	The purpose of the proposed rule amendments is to specify raw pet food labeling requirements to include safe handling directions on the label; specify labeling exemptions for pet food items made from animal skin and/or cartilage to allow these products to be distributed without a guaranteed analysis statement; update the edition of the AAFCO Official publication recognized by Colorado to a more recent edition; amend product name requirements for pet foods to give manufacturers more flexibility when allowing the “95% rule” in Section 4; add pet chew to the list of items exempted from distribution fees; make the Pet Food Rules a stand-alone set of rules; change the expiration date for registrations and the due date for small package distribution reports and fees to December 31 st ; and general editing and clean-up of text and removal of unnecessary and obsolete text. Additional changes may be proposed as a result of the Department’s Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Feed manufacturers

Published: October 31, 2015



Notice Published	February 25, 2015
Rule Number	8 CCR 1202-6
Rule Title	"Rules for Commercial Feed Under the Colorado Feed Law, Sections 35-60-101 through 115, C.R.S."
Statutory Authority	35-60-109 C.R.S.
Purpose	The purpose of the proposed rule amendments is to specify labeling requirements for wild bird seed products to allow manufacturers to use a statement of composition instead of a guaranteed analysis statement; change the expiration date for registrations and the due date for small package distribution reports and fees to December 31 st ; update the state recognized edition of the AAFCO Official publication to a more recent edition; remove section (5) III "In lieu of ingredient statement" as it is not in the consumers interest; and general editing and clean-up of text and removal of unnecessary and obsolete text. Additional changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Feed manufacturers

Notice Published	February 25, 2015
Rule Number	8 CCR 1203-23
Rule Title	"Rules Pertaining to the Administration and Enforcement of the Industrial Hemp Regulatory Program Act"
Statutory Authority	35-60-104 C.R.S.
Purpose	The purpose of the proposed rule amendments is to clarify what activities are commercial and which constitute research and development; require an abstract for research and development registrations; clarify that registrations cannot be transferred; prohibit commercial and research and development cultivation from continuous property; increase the fee to cover program costs; limit changes that can be made through amendments to the registration; clarify information required on the registration and timelines for submitting the information; change the percentage of required inspections based on type of seed planted; clarify conditions for granting a waiver to the THC results; and clarify the THC percentage of material that may enter the chain of commerce. Additional changes may be proposed as a result of consultation with the advisory committee and the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Hemp producers for both commercial and research and development cultivation

Published: October 31, 2015



Notice Published	February 25, 2015
Rule Number	8 CCR 1203-22
Rule Title	"Colorado Seed Potato Act"
Statutory Authority	35-27.3-108 C.R.S.
Purpose	The purpose of the proposed rule amendments is to change the allowed tolerance for Potato Virus Y NTN on imported seed potatoes. Additional changes may be proposed as a result of consultation with the advisory committee and the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Potato producers throughout the state

Adopt September 23, 2015 – Effective November 14, 2015

Notice Published	July 25, 2015
Rule Number	8 CCR 1202-5
Rule Title	"Storage and Handling of Anhydrous Ammonia"
Statutory Authority	35-13-103 C.R.S.
Purpose	The purpose of the proposed rule amendments is for general editing and clean-up of text and removal of unnecessary and obsolete text; defining and clarifying rule context and definitions; and establishing additional welding repair document requirements. Additional changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Fertilizer dealers and agricultural producers who utilize anhydrous ammonia

Published: October 31, 2015



Adopt October 21, 2015 – Effective December 30, 2015

Notice Published	September 25, 2015
Rule Number	8 CCR 1205-2
Rule Title	“Administration and Enforcement of the Alternative Livestock Act, Sections 35-41.5-101 – 117, C.R.S.”
Statutory Authority	35-41.5-101 – 117 C.R.S.
Purpose	Changes may be proposed as a result of the Department’s Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Elk and fallow deer breeders, producers, alternative livestock facility owners and operators, alternative livestock transport companies, State Board of Stock Inspection Commissioners, Colorado Department of Agriculture Brand Inspection and Animal Health Divisions, and Colorado Department of Natural Resources Parks and Wildlife Division

Adopt November 11, 2015 – Effective December 30, 2015

Notice Published	September 25, 2015
Rule Number	8 CCR 1201-17
Rule Title	“Concerning the Prevention of Disease in Alternative Livestock”
Statutory Authority	Title 35, Article 50 C.R.S.
Purpose	The purpose of the proposed rule amendments is to update language and outdated terms and make the alternative livestock rules consistent with the new federal chronic wasting disease, TB, and brucellosis rules, and the animal disease traceability rule. Incorporate recommendations from the alternative livestock producers to protect the native cervid population from the negative impact of chronic wasting disease and tuberculosis. Additional changes may be proposed as a result of the Department’s Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Alternative livestock producers, farmers and ranchers, livestock transport companies, and the Colorado Division of Parks and Wildlife

Published: October 31, 2015



Notice Published	September 25, 2015
Rule Number	8 CCR 1201-16
Rule Title	"Rules Pertaining to Control and Eradication of Scrapie in Sheep and Goats"
Statutory Authority	Title 35, Article 50 C.R.S.
Purpose	The purpose of the proposed rule amendments is to update language and outdated terms; make scrapie disease control and eradication rules consistent with the new federal animal disease traceability rule; incorporate recommendations from the Colorado Wool Growers Association; and protect the sheep industry from the negative impact of scrapie disease. Additional changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Colorado wool growers, lamb feedlots, farmers/ranchers, livestock transport companies, and livestock auction market owners within Colorado and in other states that produce, sell, or transport livestock

Notice Published	September 25, 2015
Rule Number	8 CCR 1206-2
Rule Title	"Rules Pertaining to the Administration and Enforcement of the Colorado Noxious Weed Act"
Statutory Authority	35-5.5-115 C.R.S.
Purpose	The purpose of the proposed rule amendments is to designate new List A species following an assessment of their invasiveness in Colorado; remove a species from List B following an analysis of this plant's current distribution and behavioral status; update eight List B species management plans; and update reference numbers for new figures, and correct any existing typographical errors and/or obsolete language. Additional changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Local governments, weed management programs, and landowners

Published: October 31, 2015



Regulatory Efficiency Review

Rule Number	8 CCR 1202-4
Rule Title	"Fertilizers and Soil Conditioners"
Statutory Authority	35-12-114 C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Commercial fertilizer and compost manufacturers, sellers and users. An extensive consultation and review process will be completed, involving industry and Colorado State University.

Rule Number	8 CCR 1202-13
Rule Title	"Rules Pertaining to the Administration and Enforcement of the Custom Processing of Meat Animals Act"
Statutory Authority	35-33-104 C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Custom meat processors and customers

Rule Number	8 CCR 1202-12
Rule Title	"Administration and Enforcement of the Sale of Meat Act Method of Sale of Home Food Service"
Statutory Authority	35-33.5-105 C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Home food service businesses and customers

Rule Number	8 CCR 1206-1
Rule Title	"Water Quality Control Concerning Agricultural Chemicals and Ground Water"
Statutory Authority	25-8-205.5(3)(b) C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Commercial or private entities storing agricultural chemicals in bulk quantities

Published: October 31, 2015



Rule Number	8 CCR 1206-3
Rule Title	"Administration and Enforcement of the Weed Free Forage Crop Certification Act"
Statutory Authority	35-27.5-103 C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Producers of weed free forage or mulch, government agencies managing public land, and the Colorado Department of Transportation

Rule Number	8 CCR 1203-8
Rule Title	"Rules and Regulations Pertaining to the Administration and Enforcement of the Colorado Chemigation Act"
Statutory Authority	35-11-104 C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Producers applying agriculture chemicals through a closed irrigation system

Rule Number	8 CCR 1203-1
Rule Title	"Administration and Enforcement of the Pesticide Act"
Statutory Authority	Title 35, Article 9 C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Pesticide manufacturers, pesticide retailers, pesticide users, and the general public

Rule Number	8 CCR 1203-2
Rule Title	"Rules and Regulations Pertaining to the Administration and Enforcement of the Pesticide Applicators' Act"
Statutory Authority	Title 35, Article 10 C.R.S.
Purpose	Changes may be proposed as a result of the Department's Regulatory Efficiency Review process conducted in accordance with 24-4-103.3 C.R.S.
Persons/Parties Affected	Pesticide users (commercial, limited commercial, public and private), pesticide sensitive individuals, and the general public

Published: October 31, 2015



**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2015-16 STAFF BUDGET BRIEFING
DEPARTMENT OF AGRICULTURE**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
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November 17, 2014**

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JBC Staff Budget Briefing: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

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DEPARTMENT OF AGRICULTURE

Department Overview

The Department of Agriculture has six divisions. A brief description of each division and its associated responsibilities is provided below.

The **Commissioner's and Administrative Services Division** provides administrative and technical support for department divisions and programs, including accounting, budgeting, and human resources functions.

The **Agricultural Services** consists of the following program areas:

- **Animal Industry Division** provides oversight for the prevention and control of livestock diseases, operation of the Rocky Mountain Regional Animal Health Laboratory, implementation of pest control, licensing and inspection of pet care facilities, and investigations animal of cruelty claims.
- **Inspection and Consumer Services Division (ICS)** provides metrology and regulatory laboratory services including content analysis of feeds, fertilizers, groundwater, and pesticides. Additionally, ICS inspects: anhydrous ammonia tanks, eggs, grain warehouses, agricultural commodity handlers and dealers, door-to-door sales companies, custom meat processors, and small and large weighing and measuring devices.
- **Plant Industry Division** is responsible for organic certification, nursery stock inspection, produce inspection, certification of plant and seed exports, seed inspection and certification, commercial and private pesticide applicator testing and licensing, and inspection of pesticide product records and labels.
- **Conservation Services Division** operates: the biological pest control program, noxious weed and weed free forage programs, a groundwater protection program, the chemigation permitting and inspection program, and encourages development of agricultural-based renewable energy projects through grants.

The **Agricultural Markets Division** promotes Colorado's agricultural products and services to domestic and international markets, provides export assistance, and develops value-added business ventures. The Markets Division is also responsible for promoting Colorado's wine industry, administering the Colorado Proud brand, and operating the agricultural products inspection program (including potato inspection).

The **Brand Board** inspects and verifies the ownership of livestock at sale barns, slaughterhouses, and export sites to protect producers and buyers from fraud and theft of

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livestock. The Brand Board also investigates reported livestock theft, maintains brand records, and licenses livestock sale barns, processing plants and alternative livestock farms.

The **Colorado State Fair Authority** is responsible for planning and operating the 11-day state fair in August, as well as various events that occur on the fairgrounds throughout the year.

The **Conservation Board** provides administrative and financial assistance and competitive grants to the 76 state conservation districts. The Conservation Board also works with districts on noxious weed management, groundwater protection, biological pest control, and erosion prevention projects.

Department Budget: Recent Appropriations

Funding Source	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16 *
General Fund	\$6,863,921	\$7,723,805	\$9,311,389	\$9,661,265
Cash Funds	27,838,161	29,200,366	29,141,578	29,157,802
Reappropriated Funds	1,090,001	1,632,203	1,629,526	1,656,548
Federal Funds	<u>3,887,150</u>	<u>4,113,870</u>	<u>4,101,912</u>	<u>4,161,148</u>
Total Funds	\$39,679,233	\$42,670,244	\$44,184,405	\$44,636,763
Full Time Equiv. Staff	282.4	274.1	274.1	274.1

*Requested appropriation.

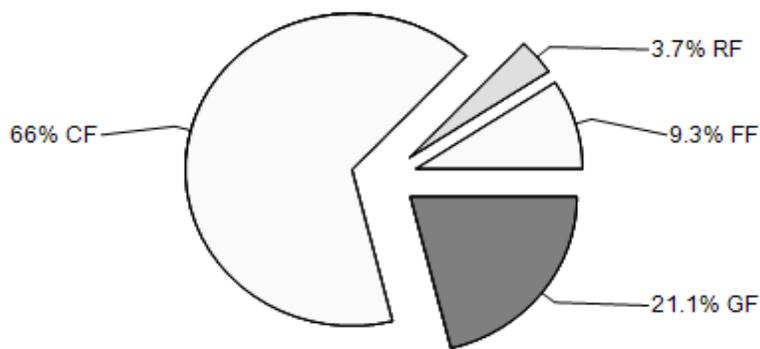
Department Budget: Graphic Overview

All charts are based on the FY 2014-15 appropriations.

**Department's Share of Statewide
General Fund**



Department Funding Sources

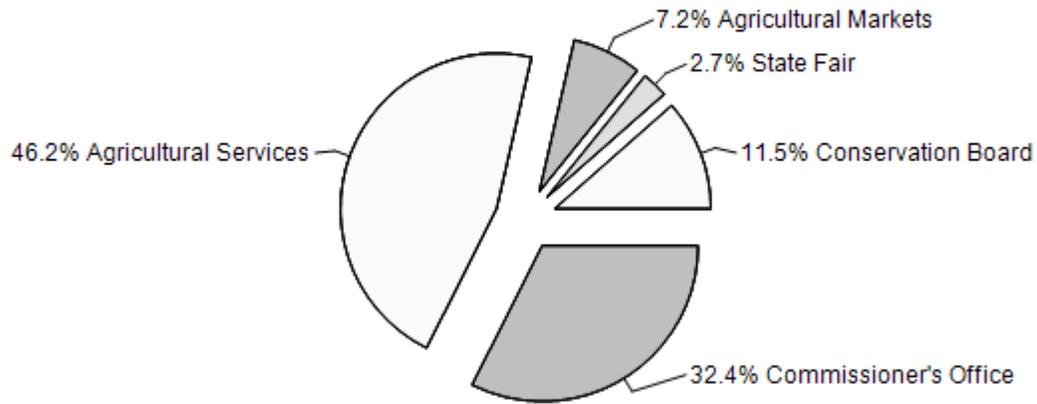


All charts are based on the FY 2014-15 appropriations.

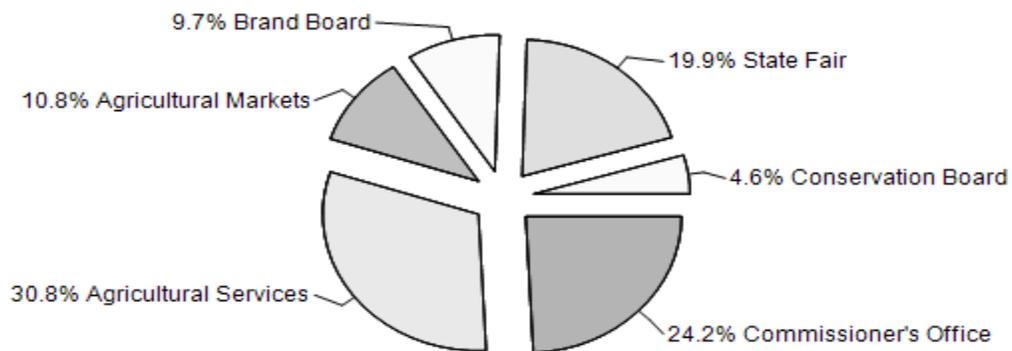
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All charts are based on the FY 2014-15 appropriations.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2014-15 appropriations.

General Factors Driving the Budget

Funding for the Department in FY 2014-15 consists of 21.1 percent General Fund, 66 percent cash funds, 3.7 percent reappropriated funds, and 9.3 percent federal funds.

Agricultural Services Division

The Agricultural Services Division (ASD) expends appropriations on four program areas: animal industry, plant industry, inspection and consumer services, and conservation services. The ASD accounts for roughly 30.8 percent of the Department's total appropriation in FY 2014-15, including 46.2 percent of the Department's total General Fund appropriation. The following table outlines the Agricultural Services Division's share of the Department's total appropriation from FY 2011-12 actual through the FY 2015-16 request. The majority of the increase in FY 2012-13 represents a change in how federal funds are shown in the Long Bill, not an overall increase in funds.

Agricultural Services Division Funding Since FY 2011-12					
	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request
ASD	\$10,534,569	\$12,116,054	\$12,567,911	\$13,610,946	\$13,969,225
Department Appropriation	\$38,966,641	\$39,679,233	\$42,670,244	\$44,184,405	\$44,636,763
Percent of Department	27.0%	30.5%	29.5%	30.8%	31.3%

Agriculture Management Fund

The Agriculture Management Fund was created by House Bill 08-1399 (Buescher/Isgar) and allows for the transfer of 65.0 percent of the interest earned on the sale of unclaimed securities from the Colorado Travel and Tourism Promotion Fund to the Agriculture Management Fund for agricultural efforts approved by the commissioner. These moneys are spent in various divisions in the Department.

The following table outlines estimated use of moneys in the Agriculture Management Fund in FY 2014-15:

Division	Agriculture Management Fund Estimated Spending FY 2014-15
Commissioner's Office	\$476,132
Animal Industry Division	137,860
Agriculture Markets Division	581,721
Conservation Services Division	275,000
State Fair Authority	500,000
Total	\$1,970,713

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Department General Fund and Cash Fund Appropriations

The Department received reduced General Fund appropriations during the recent economic downturn; however, the FY 2014-15 appropriation exceeded the FY 2007-08 appropriation for the first time since funding cuts were experienced by the Department. The FY 2012-13 General Fund increase reflects adjustments made to Inspection and Consumer Service program fees, changes in State contributions to employee benefits, and the reversal of temporary refinancing of the Agricultural Markets Division. The following table shows the Department's General Fund appropriation from FY 2011-12 through the FY 2015-16 budget request.

Department of Agricultural GF Appropriations Since FY 2011-12					
	FY 2011-12 Appropriation	FY 2012-13 Appropriation	FY 2013-14 Appropriation	FY 2014-15 Appropriation	FY 2015-16 Request
General Fund Appropriation	\$5,164,362	\$6,863,921	\$7,723,805	\$9,311,389	\$9,661,265
Increase/(Decrease) from Previous Year	4.9%	32.9%	12.5%	20.6%	3.8%

The Department's total appropriation is 66 percent cash funds. The cash funds appropriations respond to increases and decreases in workload for products or services associated with specific cash funds within the Department. The three largest cash funds appropriations are the State Fair Cash Fund; Brand Inspection Cash Fund; and the Plant Health, Pest Control, and Environmental Protection Cash Fund. Together these appropriations account for 52.6 percent of the Department's total cash funds appropriation in FY 2014-15.

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Summary: FY 2014-15 Appropriation & FY 2015-16 Request

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	<u>\$44,184,405</u>	<u>\$9,311,389</u>	<u>\$29,141,578</u>	<u>\$1,629,526</u>	<u>\$4,101,912</u>	<u>274.1</u>
TOTAL	\$44,184,405	\$9,311,389	\$29,141,578	\$1,629,526	\$4,101,912	274.1
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$44,184,405	9,311,389	\$29,141,578	\$1,629,526	\$4,101,912	274.1
R1 State fair facilities maintenance	300,000	300,000	0	0	0	0.0
NP1 Annual fleet vehicle request	15,775	0	15,775	0	0	0.0
Centrally appropriated line items	238,348	52,436	126,283	0	59,629	0.0
Indirect cost assessment	54,044	0	27,022	27,022	0	0.0
Technical changes	0	0	0	0	0	0.0
Annualize prior year funding	<u>(155,809)</u>	<u>(2,560)</u>	<u>(152,856)</u>	<u>0</u>	<u>(393)</u>	<u>0.0</u>
TOTAL	\$44,636,763	\$9,661,265	\$29,157,802	\$1,656,548	\$4,161,148	274.1
Increase/(Decrease)	\$452,358	\$349,876	\$16,224	\$27,022	\$59,236	0.0
Percentage Change	1.0%	3.8%	0.1%	1.7%	1.4%	0.0%

Issue Descriptions

R1 State fair facilities maintenance: The decision item includes a request for an appropriation of \$300,000 General Fund for FY 2015-16 dedicated to the maintenance and upkeep of the facilities on the State Fairgrounds.

NP1 Annual fleet vehicle request: The request includes an increase in cash fund appropriation of \$15,775 to the vehicle lease payments line item for changes in statewide vehicle costs. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

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Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; vehicle lease payments; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; and Capitol complex leased space. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Indirect Cost Assessment: The request includes adjustments to the indirect cost assessments for the Commissioner's Office Personal Services line item and the Agriculture Services Division indirect cost assessment line item.

Technical changes: The request includes base adjustments with a net zero impact on appropriations.

Annualize prior year funding: The request includes adjustments to prior year funding actions.

Issue: Colorado State Fairgrounds Maintenance and Operations

This issue brief provides a summary of the maintenance and operations of the Colorado State Fairgrounds, as well as an overview of revenue sources and associated operating expenses. The Department has requested additional General Funds for the Colorado State Fair Authority (Authority).

SUMMARY:

- The Department is requesting \$300,000 in ongoing General Fund appropriation to the Authority to support fairgrounds facilities maintenance expenses. This request would be a 3.5 percent increase in appropriations for the Authority.
- The Department of Agriculture has oversight of the Colorado State Fair (Fair), which has struggled to generate a profit since it was transferred to the Department as a Type 1 agency pursuant to H.B. 97-1342 (Grampsas/Lacy).
- The Authority receives a General Fund appropriation of \$250,000 for 4-H and FFA program support and the State Fair Cash Fund receives an annual transfer of 25.0 percent of the interest from state sales of unclaimed securities, approximately \$900,000 per year.
- Colorado State Fair Foundation (CSFF) was established in 2011 to help cover 4-H and FFA program costs and contribute to dormitory renovations. The CSFF recorded total spending in the calendar years of 2012 and 2013 of more than \$121,000, with an estimated additional total spending of \$353,000 in 2014 and 2015.

RECOMMENDATION:

Staff recommends that any funding of this request be authorized in a new line item in order to provide spending authority transparency. Additionally, staff recommends that the Department provide responses to the following during the Department's hearing with the Committee;

- What were the final financial figures for the 2014 Fair event? What was the Fair's profitability?
- Are there any updates to the costs or priority of the Authority's maintenance projects?

DISCUSSION:

History of the Colorado State Fair

The Colorado State Fair has been in operation since 1872, before Colorado was a state. The Fair's statutory charge was added to the Colorado Revised Statutes in 1917, and currently reads:

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There is hereby established the Colorado state fair and industrial exposition which shall be held annually at Pueblo, Colorado, for the display of livestock and agricultural, horticultural, industrial, mining, water conservation, tourist industry, recreational, educational, and scientific facilities, processes, and products of the state of Colorado. (Section 35-65-105, C.R.S.)

The Fair has operated every year except 1917, when the grounds were used as a training facility for the National Guard during World War I. From 1983 to 1997, the Colorado State Fair Authority was designated as a corporate body and political subdivision of Colorado and was not subject to administrative direction by the State. In 1997, the State Fair Authority was abolished, recreated, and transferred to the Department of Agriculture.

The Fair operates 11 days each summer and rents out its facilities for events throughout the year. In 2011, the Department of Agriculture conducted an economic and fiscal impact study on the Colorado State Fairgrounds. This study found that the year-round operation of the fairgrounds provides the equivalent of 374 full-time jobs and over \$33 million of economic activity per year. The Department anticipates conducting a follow-up study to assess any changes in the economic and fiscal impacts of the Fair.

State Fairground Facilities

The State Fairgrounds reside on approximately 100 acres with over 50 separate buildings and facilities. The year-round use of these facilities is critical to the Authority because off-season rentals generate approximately \$700,000 in revenue annually. While there are some exceptions, most notably the Event Center that opened in 1995, most of these facilities are over 50 years old and require maintenance and upkeep. Many of the buildings need only minimal maintenance; however, some of the more frequently used facilities require significant repairs.

The 4-H and FFA dormitories were built in 1983 and underwent renovations with funds provided by the Authority and the CSFF in the last year. These renovations addressed the dormitories' restrooms, flooring, and furniture, allowing the Authority to utilize these facilities year-round. 4-H and FFA are youth education and development programs, designed to target rural youth and promote agricultural leadership. Colorado State University Extension administers the state's 4-H program, while the local chapters of the FFA are chartered in public schools with agriculture education programs. Data comparing pre- and post-renovation usage of the dormitories are currently being collected.

There are a total of 450 stables available at the fairgrounds. The 200 stone stables were built in 1938 and the wood stables were built in 1968. The stone stables have been recently rehabilitated using State Historical Funds and are part of the State's Historic Register. This rehabilitation included replacing stable roofs, flooring, and water lines to ensure the buildings could be rented to participants of livestock and horse show events held at the fairgrounds.

The 250 wood stables have received only minimal maintenance since their construction and suffer from wear; there were at least ten horse escapes during the 11-day Fair this year. Stable doors are broken, latches are rusted, and the flooring needs to be repaved. The wash racks used

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for the horses have poor drainage and pose a significant health risk to the animals because standing water attracts disease carrying insects. At this year's Fair, the Authority had to providing additional larvacide sprays to ensure that an outbreak of Vesicular Stomatitis in the state did not impact its events.

In addition to the horse show area, the Authority has identified the livestock pavilion as an important venue, as it is frequently used for livestock events. The pavilion is in a state of general disrepair, with ceiling holes and crumbling insulation. The Authority, utilizing an emergency grant from the Department of Agriculture, had to repair the building's doors to bring them up to code in order to prevent the closing of the building prior to this year's Fair. The use of emergency funding to address critical projects is not ideal and does not allow the Authority to effectively budget for their maintenance and upkeep needs.

Maintenance Project Prioritization and Costs

The refurbishment of the horse show area is the Authority's first priority. This work will include the replacement of stall doors and latches, repaving of stalls and the event area, and painting. The cost of this work is estimated at \$180,000. The second prioritized project would be to address the ceiling of the livestock pavilion, the cost of which is currently unknown. The requested funding would also be used for pavement repair throughout the fairgrounds, maintaining and patching building roofs, refinishing and painting building interiors, and maintenance of restrooms and ticket booths.

The Authority roughly estimates that the short-term cost of repairs and maintenance may be between \$1-1.5 million, while the five year costs may be roughly \$3-4 million. It will work to obtain quotes for the needed repairs and will solicit any potential sponsors to assist in cost-sharing for these projects.

The Authority reports that an optimal annual maintenance budget would be \$450,000 to \$500,000, yet they were only able to budget about \$170,000 in FY2013-14 for operating expenses that include maintenance. However, the Authority has been able to leverage sponsorships and in-kind assistance in fairgrounds maintenance. In the past four years, the Authority has averaged \$407,000 in assistance. In 2014, the Authority estimates it will receive \$425,000 in sponsorships and in-kind assistance. At this level, the Authority is leveraging almost \$2.65 for each dollar it spends in operating expenses. It is anticipated that this level of non-state support will remain constant or increase over the coming years, allowing the Authority to leverage additional funding for its maintenance needs.

Revenue and Expenditure

Statutory and State Funding of the Colorado State Fair

The following bills have made substantive changes to State funding for Colorado State Fair operations, beginning with the transfer of the Colorado State Fair Authority to the Department of Agriculture:

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- House Bill 97-1342 (Grampsas/Lacy) transferred the Colorado State Fair Authority and its functions to the Department of Agriculture as a Type 1 agency, it also did the following:
 - Restructured and created a new Colorado State Fair Authority to include ten Governor appointed members and the Commissioner of Agriculture;
 - Allowed the Colorado State Fair Authority to hire a Fair manager to oversee all activities of the Fair;
 - Established the State Fair Authority as an enterprise pursuant to Article X, Section 20 of the Colorado Constitution; and
 - Appropriated \$3.1 million to repay outstanding Fair debts.

- Senate Bill 04-256 (Taylor/White) appropriated 10.0 percent of the interest on sales of unclaimed securities from the travel and tourism fund to the Fair. Subsequently, H.B. 06-1384 (Buescher/Tapia) authorized travel and tourism trust fund transfers to repay state treasury loans, event center debt, and finally a \$550,000 operating transfer annually.

- House Bill 08-1399 (Buescher/Isgar) increased the transfer from interest on sales of unclaimed securities from 10.0 to 25.0 percent, while eliminating the annual transfer for operating expenses, and directed it to the State Fair Cash Fund, after the Fair's debt was repaid.

These revenues are credited to the State Fair Cash Fund. The Department of Agriculture provides funding to support Fair operations from the Agriculture Management Fund; it is estimated that the Department will provide \$500,000 in FY 2014-15. The annual interest transfer to the State Fair Cash Fund, from the sales of unclaimed securities, is approximately \$900,000.

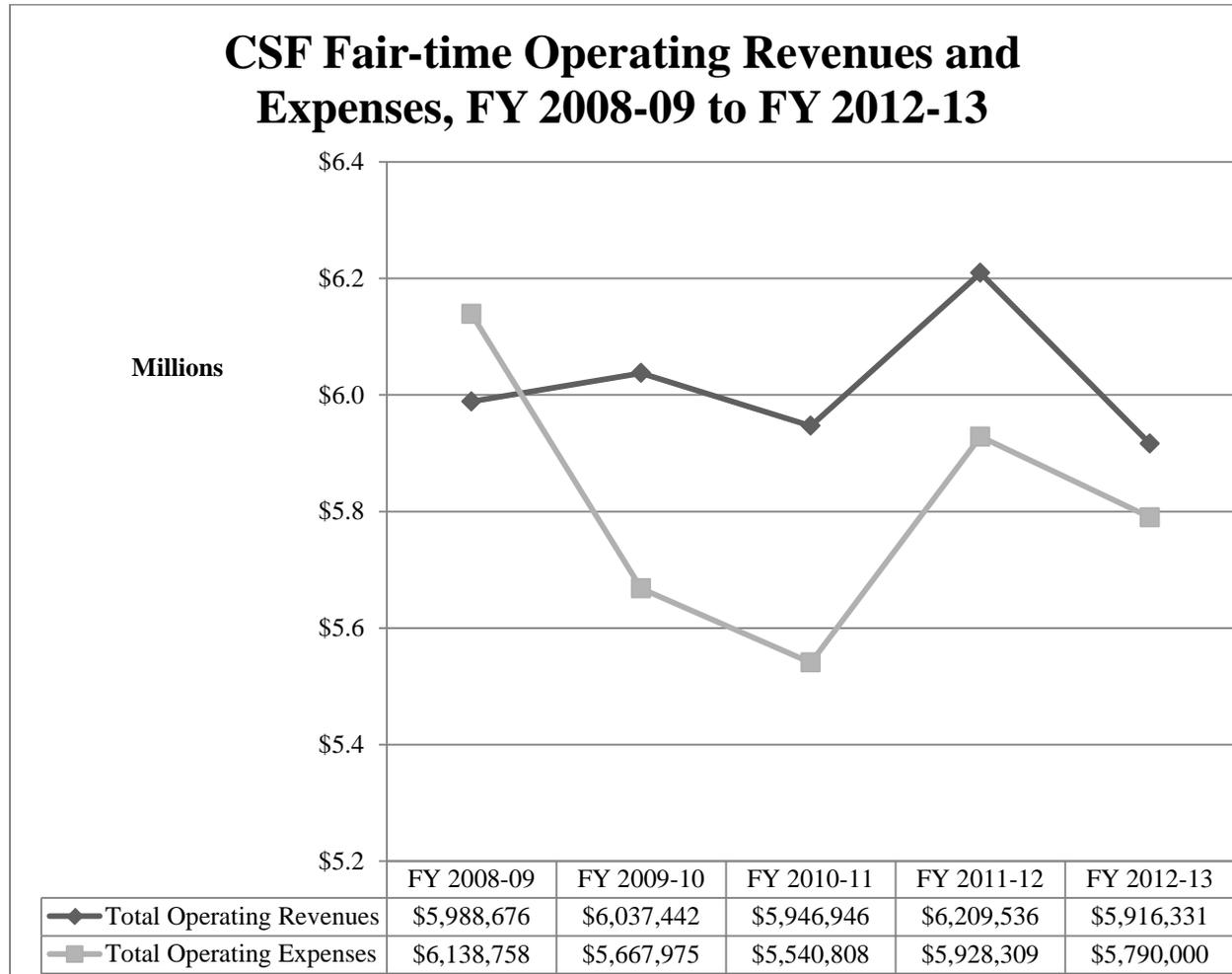
Non-State Fair Revenue Sources

In addition to the transfer pursuant to H.B. 08-1399, the Authority generates revenue from operations and rentals of fairground facilities. In FY 2013-14, gross revenue totaled approximately \$8.4 million. The largest source of operating revenue for the Authority was proceeds from commercial exhibitors, followed by revenue from commercial and in-kind sponsorship. These sources accounted for approximately 36.1 percent of Fair revenue. Gate admissions were the third largest contributor and accounted for approximately 10.5 percent of revenues.

Attendance is also critical for vendor sales, carnival sales, and grandstand sales, which indirectly increase revenues for the fair through sales commissions. The Fair has modernized its ticketing system and has actively pursued technological tools to improve vending and concession sales. The Authority has seen an increase in attendance at the Fair in the past couple of years, which should contribute to an operating revenue increase. The 2014 Fair saw a 5 percent increase in attendance.

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The chart below shows revenues and expense incurred by the Authority during fair-time operations:



In addition to the annual fair, the fairgrounds host events during the offseason. From 2011 to 2013, a total of 53 events were held that required the utilization of the fairgrounds’ stables. In 2012, the Authority began a two year contract to host a National Reined Cow Horse Association (NRCHA) event. This event had gross receipts of \$23,760 in 2012 and \$28,055 in 2013. The event was considered a success and the Authority has since reached an agreement with the NRCHA to continue hosting the event for an additional two years. Anticipated revenue from this even is approximately \$27,000. In addition to the fairground’s livestock and horse facilities, the Event Center hosts sporting events, concerts, and other revenue generating events.

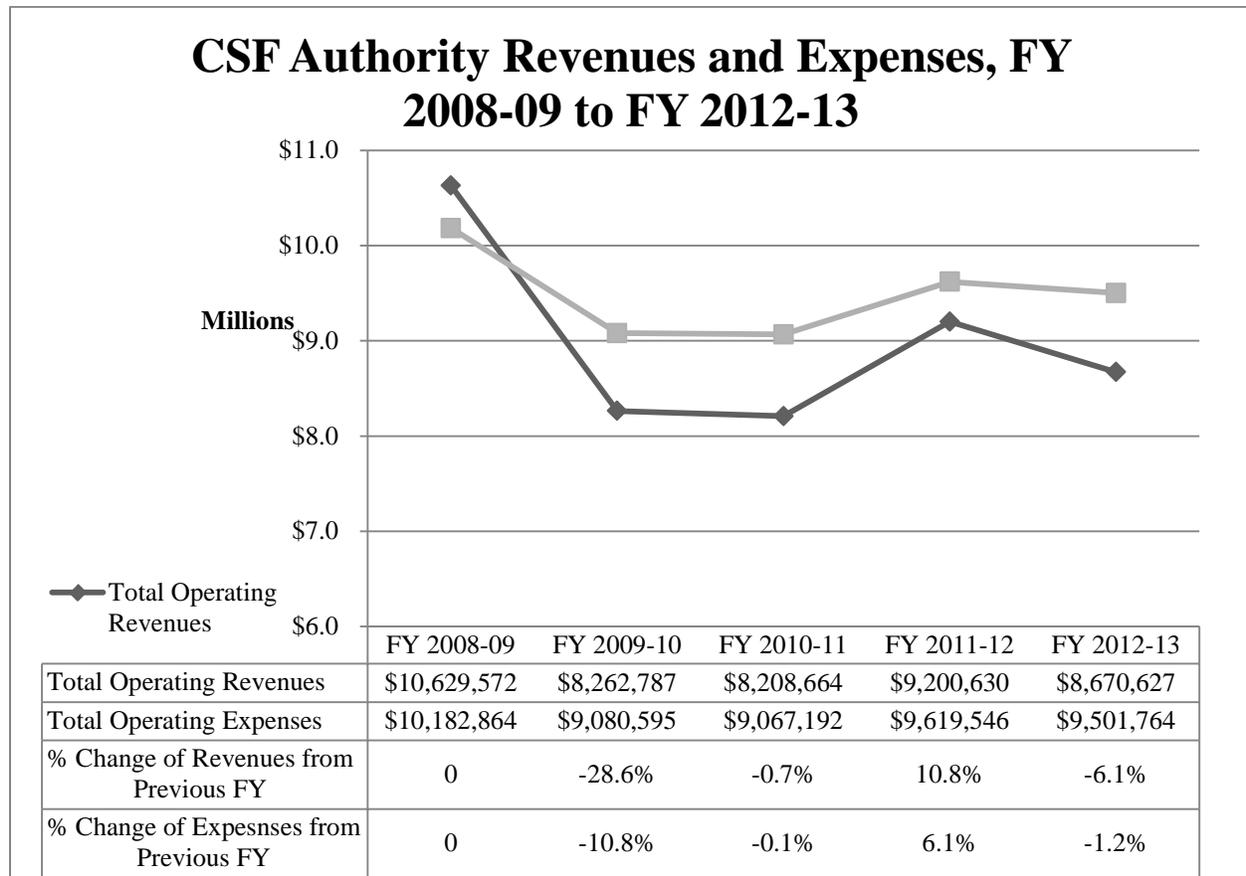
An additional \$275,000 from the City of Pueblo and Pueblo County is anticipated in FY 2014-15. The CSFF, established in 2011 as a 501(c)(3) to raise funds for the Fair’s 4-H and FFA programs, has contributed over \$121,000 to date. The following table shows the revenue from these sources for the past three years:

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Revenue from Non-State Sources				
	2012 Actual	2013 Actual	2014 Enacted	2015 Projected
City of Pueblo	\$265,000	\$200,000	\$100,000	\$125,000
Pueblo County	175,000	175,000	175,000	175,000
Colorado State Fair Foundation	4,750	116,565	179,092	174,100
Total	\$444,750	\$491,565	\$454,092	\$474,100

Overall Revenue and Expenditure Trends

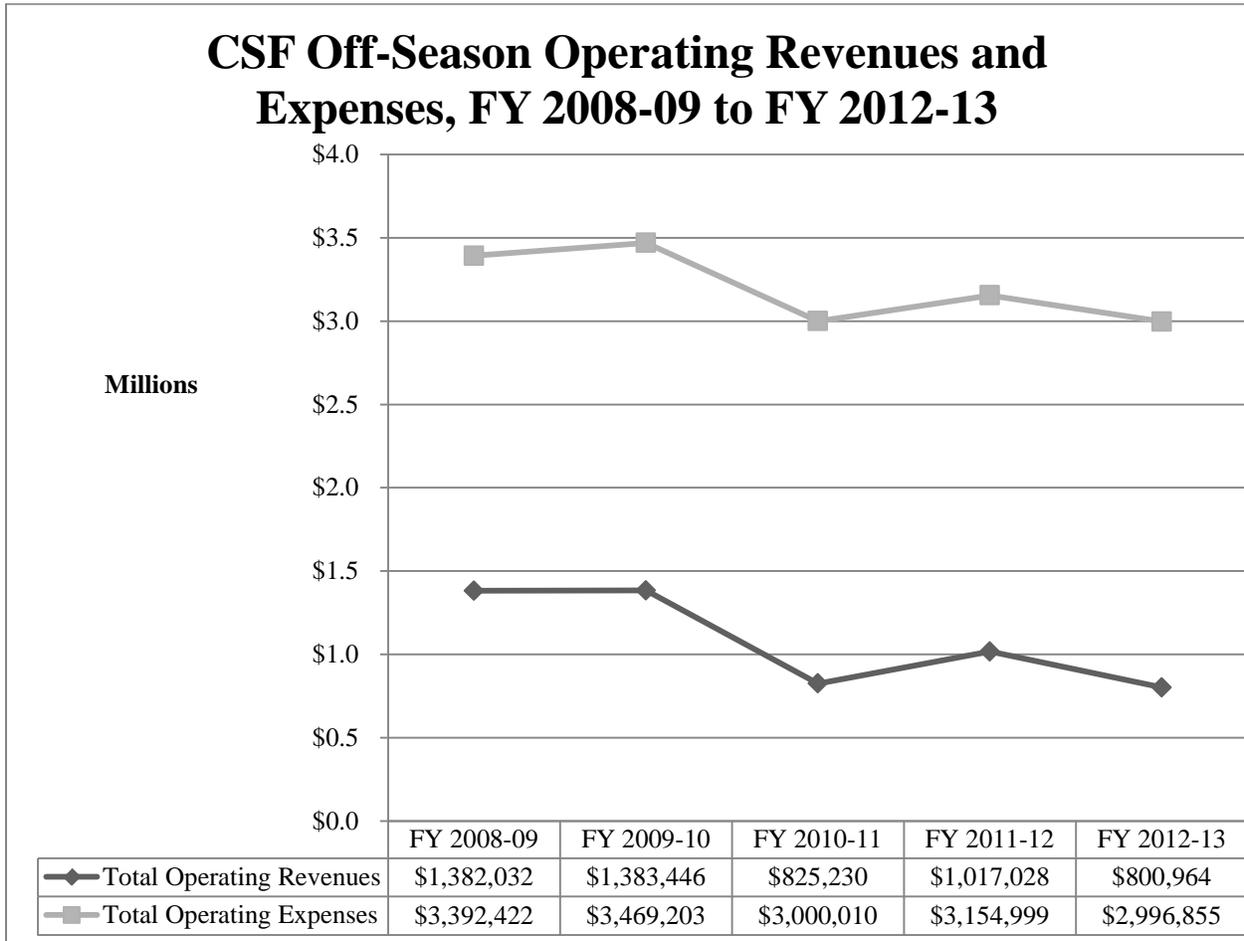
The Authority’s expenditures historically have outpaced its revenues, resulting in a net operating deficit four out of the past five years. This operating deficit negatively impacts the Authority’s ability to properly maintain its aging infrastructure. The chart below shows annual operating revenue compared to annual operating expenses for the past five years of available audit data:



The nearly 29% decrease in revenues from FY 2008-09 to FY 2009-10 is attributable to provisions in H.B. 08-1399, which transferred \$2.8 million in 2009 to repay the outstanding Fair debt. The Department has been able to reduce operating expenses by 6.7 percent over the five

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years presented, showing the Authority is developing and implementing operating strategies to improve efficiencies. However, over the same period of time operating revenues decreased by 18.4 percent, suggesting the Fair faces challenges beyond simply reducing operating expenses. This deficit can be attributed to the year-round operation of the fairgrounds and the fixed costs, such as utilities, associated with managing the property. The chart below shows off-season operating revenue and expenses:



Issue: Industrial Hemp Production in Colorado

This issue brief provides a summary of the difficulties facing the implementation of industrial hemp cultivation and production in Colorado.

SUMMARY:

- Senate Bill 13-241 (Industrial Hemp Growers Registration) repealed and replaced the Industrial Hemp Remediation Pilot Program in the Department of Public Health with the Industrial Hemp Regulatory Program run by the Department of Agriculture (Department).
- There is a large amount of uncertainty regarding the economic viability of domestic industrial hemp cultivation and production because the size of the U.S. market for hemp-based products can only be estimated. Industrial associations estimate the total retail value of hemp sold in the U.S. to be at least \$581 million.
- Even though the State of Colorado has legalized the cultivation and production of industrial hemp, any farmer seeking to plant and harvest industrial hemp must first be granted a permit by the U.S. Drug Enforcement Administration (DEA). The DEA does not grant these permits often.
- The federal Agriculture Act of 2014 (Farm Bill) eased the restrictions on research and development of industrial hemp.
- Colorado has approximately 1,812 acres registered in the Industrial Hemp Program; however, less than half of that area has been planted.

RECOMMENDATION:

Staff recommends that the Department provide responses to the following during the Department hearing with the Committee:

1. What is the anticipated programmatic growth over the next five years?
2. How does the Department plan to handle programmatic growth and the accompanying administrative cost increase?

DISCUSSION:

Historical and Current Status of Industrial Hemp in US

Industrial hemp production in the United States has been effectively dormant since the 1950s. Until the mid-19th century, hemp was widely grown and commonly used by the textile and paper industries. However, the introduction of harvesting technology in the late-19th century made the use of cotton for textiles more commercially competitive than hemp. Domestic production of

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cotton for textiles replaced domestic hemp production, resulting in the demand for hemp’s coarse natural fibers being met by an increase in imports. The Marihuana Tax Act of 1937 further limited the domestic cultivation of industrial hemp by defining the plant as a narcotic. During World War II, there was a brief resurgence in hemp production, encouraged by the USDA, to help supply basic material for the war effort. The Controlled Substances Act of 1970 made it illegal to grow hemp without a permit from the DEA. (21 U.S.C., § 801 et seq.)

The barriers to domestic hemp production have forced those businesses that utilized hemp fibers, oils, and seeds, as well as other hemp products, to import those materials. The table below shows the customs value of selected U.S. hemp product imports, both raw and processed, from 2010 to 2013. In 2013, these imports were worth approximately \$37.1 million, which represents a roughly 80.7 percent increase from 2012. The data show a large increase from 2012 to 2013 in the importation of hemp seeds and oil, while there is a large decrease in the importation of hemp fiber, fabric, and yarn. According to the Hemp Industries Association (HIA), a non-profit trade group, the total retail value of hemp products sold in the U.S. in 2013 exceeded \$581 million.

Value of Selected U.S. Hemp Product Imports (\$)						
Harmonized Tariff Schedule (HTS)	Description	2010	2011	2012	2013	% Change 2012-2013
		in 1,000 Dollars				
1207990220/ 1207990320*	Hemp seeds, whether or not broken	\$5,125	\$6,553	\$13,035	\$26,942	106.7%
1515908010	Hemp oil and their fractions	1,833	1,146	1,098	2,264	106.2
2306900130	Hemp seed oilcake & other solid residues	2,369	2,947	4,388	6,279	43.1
5302	True hemp, raw/processed but not spun	94	181	157	78	(50.4)
5308200000	True hemp yarn	296	580	497	482	(3.0)
5311004010	True hemp woven fibers	1,180	1,364	1,362	1,057	(22.4)
	Total	\$10,897	\$12,771	\$20,537	\$37,102	80.7%

Source: United States International Trade Commission, DataWeb. <http://dataweb.usitc.gov/>

* The HTS code 1207990220 corresponds to the years 2010 and 2011. The HTS code 1207990320 corresponds to the years 2012 and 2013.

Cultivating Hemp in Colorado

There are several barriers to the successful cultivation and commercial processing of industrial hemp, including: Federal laws and regulations, access to proper processing facilities, and the existence of suitable hemp strains for Colorado’s climate and soil. The most formidable of these barriers are the restrictions placed on industrial hemp production by Federal laws and regulations. As described above, the cultivation of industrial hemp is strictly regulated by the DEA. The importation of non-sterilized hemp seeds is heavily restricted, with the DEA seizing

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or preventing attempted shipments into the country, as well as shipments across state lines. These restrictions are a particularly potent barrier for domestic production of industrial hemp, as the industry is starting from scratch and access to in-state resources is limited.

The lack of a wide spread in-state hemp processing infrastructure poses a difficulty to commercializing industrial hemp. Investors are reluctant to spend the necessary capital to build a processing infrastructure because there is not a steady and adequate supply of industrial hemp. However, without proper processing facilities farmers are reluctant to accept the investment risks of planting hemp. This lack of industrial infrastructure, coupled with stringent Federal regulation, creates a conservative market environment towards industrial hemp investment. While the Department reports that 1,812 acres have been registered for industrial hemp cultivation, it also reports that less than half of that area has been planted.

The dormancy of the industrial hemp market in the U.S. for the past half-century has resulted in a dearth of expertise and knowledge about the cultivation of hemp. Farmers are reliant on whatever seeds they can acquire, but those seeds may not be suitable for Colorado's climate and soil. Identifying the correct strains of hemp for cultivation in Colorado is one of the goals of the research and development (R&D) portion of the Department's industrial hemp program. R&D in industrial hemp will also identify best cultivation practices, hemp processing techniques, and additional uses for the raw materials derived from processing hemp, all of which can contribute to the establishment of a viable commercial market in the state. The Department anticipates program growth even with the current barriers, especially in the area of research and development, as seeds are accumulated from harvests and are made available in-state.

The Department has obtained a DEA permit to import hemp seeds, which have been provided to in-state institutions of higher education for research and development. The long-term goal for these seeds and the research is to develop a seed certification program to provide verified and quality seeds to Colorado farmers. However, in order to address the current lack of seeds available to farmers, most of this year's industrial hemp harvest will be used to provide seed for next year's planting. The Department cannot specifically quantify the future seed availability in-state and, as a result, cannot estimate with a high degree of certainty the growth rate of the industrial hemp market.

Statutory Funding of the Industrial Hemp Program

The Industrial Hemp Registration Program is funded through registration fees, inspection fees, and fines. Commercial registration fees are set at \$200 plus \$1.00 per acre. R&D registration fees are set at \$100 plus \$5.00 per acre. The Department has instituted a \$35 per hour fee for field sampling and inspection done by Department employees. If a registrant is discovered to have committed a statutory violation, the Department may assess a fine of no more than \$2,500. The proceeds from these fees and fines are placed in the Industrial Hemp Registration Program Cash Fund, which is subject to annual appropriation by the General Assembly.

Industrial Hemp Registration Program			
	# of Applications	Acres	Registration fees collected
Commercial	121	1552	\$25,752
R&D	138	260	\$15,100
Total	259	1812	\$40,852

The Department reports that the funds currently available are not sufficient to cover the direct and indirect costs of the program. In FY 2013-14, S.B. 13-241 was signed into law and provided the program with a one-time appropriation of \$21,205 in General Fund to cover personal services, committee meetings, and legal services expenses. Ensuring the program is compliant with Federal regulations and guidelines generates significant administrative costs, beyond what was anticipated. The unexpected growth in the cultivation of hemp for its cannabidiol (medicinal) component added more acres and registrants than expected.

The Department reports that the actual cost of the program in its first year was \$129,000. As the table above shows, the fees collected from registrants covers less than one-third of the administrative costs of the program. The Department reports that the fee rate for field sampling and inspection is sufficient for the program to recover its laboratory costs. The Department has not taken any official action to raise the registration fees.

The Industrial Hemp Research Grant Cash Fund was created by S.B. 14-184 and stipulates that the fund can receive up to \$10 million dollars from the Marijuana Tax Cash Fund on and after July 1, 2015. These funds could be used by the Department to establish, manage, and expand industrial hemp research and development. However, the Department does not expect any transfer of these funds because any funds that have been, or will be, collected by the Marijuana Tax Cash Fund have already been earmarked for other purposes.

Federal Industrial Hemp Statute and Guidance

The 2014 Farm Bill included an amendment that eased the federal restrictions on industrial hemp research. According to 7 U.S.C., § 5940 et seq., “an institution of higher education...or a state department of agriculture may grow or cultivate industrial hemp,” as long as it is done for research purposes and is legal under state law. Federal statute requires that any R&D program and its sites be "certified by, and registered with," the state's department of agriculture. Furthermore, federal statute defines industrial hemp as the plant *Cannabis sativa* L. that has a

delta-9 tetrahydrocannabinol (THC) concentration of less than or equal to 0.3 percent on a dry weight basis. Colorado's industrial hemp statute and R&D program meet these federal requirements.

Federal guidance on banking poses limitations on the state's industrial hemp program. The federal Department of Justice and the Department of the Treasury recently issued guidance on bank involvement with Cannabis operations; however, the guidance merely "clarifies how financial institutions can provide services to marijuana-related businesses consistent with" their responsibility to uphold their Bank Secrecy Act obligations. Industrial hemp's status in relation to the Controlled Substance Act makes it illegal to produce and distribute under federal law, with the limited exceptions discussed in the previous paragraph, because it is included in the federal definition of Cannabis. The guidance does not free financial institutions from the risks involved with doing business with Cannabis producers, which makes many financial institutions reluctant to provide services to growers of industrial hemp.

Industrial Hemp in Other States

There are currently 19 states that have laws to provide for industrial hemp research or for production as allowed by the 2014 Farm Bill. Of these, eight states — including Colorado — have sponsored resolutions and have laws to promote the growth and marketing of industrial hemp. Many of these state policies mirror the federal statutes in regards to research and development. However, the more aggressive states also seek to promote the commercialization of industrial hemp by excluding industrial hemp from the state's definition of controlled substances and by establishing a defense to criminal prosecution for cultivation. Other states take a more cautious approach by passing legislation allowing commercial production of hemp only when the federal government allows for the differentiation between hemp and marijuana in relation to the Controlled Substance Act.

Issue: Long Bill Line Item Format Change

This issue brief provides a summary of a staff initiated request to make changes to the Agriculture Services Division line item of the Department of Agriculture's section of the Long Bill.

SUMMARY:

- The line item does not accurately represent the Department's divisional organization.
- The line item is currently bottom line funded but should be line item funded to provide greater transparency of divisional spending authority.

RECOMMENDATION:

Staff recommends that during figure setting the Committee cease bottom line funding the Agriculture Services Division line item and update that section of the Long Bill to more accurately reflect the divisional organization of the Department.

DISCUSSION:

Divisional Spending Authority Transparency

The current structure of the Agriculture Services Division line item of the Department's section of the Long Bill lacks spending authority transparency and does not accurately reflect the divisional organization of the Department. Bottom line funding this line item allows for spending authority flexibility among the divisions, but obscures each division's specific spending authority. This change will also make the funding of this line item consistent with the other line items in the Department's section of the Long Bill. Displaying the funding per line item detail will add clarity to the spending authority for each division.

Additionally, there is not a statutorily created "Agricultural Services Division" in the Department of Agriculture. Each of the Department's divisions is created in statute, pursuant to Section 35-1-108, C.R.S. Updating this line item to accurately identify the Department's divisions adds clarity to the Department's appropriations and the intent of that funding. Staff will work with the Department to ensure that the changes to the Long Bill accurately represent the structure of and appropriations to its divisions.

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Appendix A: Number Pages

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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DEPARTMENT OF AGRICULTURE
John Salazar, Commissioner

(1) COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES

This division provides administrative and technical support for department divisions and programs, including accounting budgeting, and human resources. Cash funds are from various fees and the reappropriated funds are from departmental and statewide indirect cost recoveries. Federal funds are from federal grants for agricultural purposes.

Personal Services	<u>1,259,167</u>	<u>1,088,468</u>	<u>1,506,222</u>	<u>1,601,893</u>
FTE	15.3	17.5	16.7	16.7
General Fund	233,586	178,741	240,404	305,571
Cash Funds	0	0	7,859	8,057
Reappropriated Funds	955,219	909,727	1,146,605	1,173,627
Federal Funds	70,362	0	111,354	114,638
Health, Life, and Dental	<u>1,402,366</u>	<u>2,054,944</u>	<u>2,013,527</u>	<u>1,995,696</u>
General Fund	428,370	518,245	726,809	656,593
Cash Funds	973,996	1,441,357	1,236,999	1,253,686
Federal Funds	0	95,342	49,719	85,417
Short-term Disability	<u>16,995</u>	<u>29,150</u>	<u>34,576</u>	<u>35,488</u>
General Fund	5,387	7,785	13,367	13,883
Cash Funds	11,608	19,022	19,386	19,694
Federal Funds	0	2,343	1,823	1,911
S.B. 04-257 Amortization Equalization Disbursement	<u>341,451</u>	<u>630,509</u>	<u>690,983</u>	<u>709,705</u>
General Fund	131,582	168,695	267,267	277,853
Cash Funds	209,869	411,377	387,344	393,626
Federal Funds	0	50,437	36,372	38,226

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>292,894</u>	<u>568,674</u>	<u>647,769</u>	<u>685,511</u>	
General Fund	112,538	151,758	250,536	268,381	
Cash Funds	180,356	371,382	363,135	380,207	
Federal Funds	0	45,534	34,098	36,923	
Salary Survey	<u>0</u>	<u>549,150</u>	<u>465,516</u>	<u>176,518</u>	
General Fund	0	165,804	179,967	69,052	
Cash Funds	0	346,136	261,001	97,963	
Federal Funds	0	37,210	24,548	9,503	
Merit Pay	<u>0</u>	<u>249,959</u>	<u>180,780</u>	<u>172,276</u>	
General Fund	0	74,821	77,582	73,028	
Cash Funds	0	157,462	94,936	89,587	
Federal Funds	0	17,676	8,262	9,661	
Workers' Compensation	<u>165,703</u>	<u>161,359</u>	<u>195,784</u>	<u>214,521</u>	
General Fund	3,135	3,135	3,135	7,819	
Cash Funds	162,568	158,224	192,649	206,702	
Operating Expenses	<u>116,902</u>	<u>241,982</u>	<u>242,932</u>	<u>242,932</u>	
General Fund	116,634	0	0	0	
Cash Funds	268	0	0	0	
Reappropriated Funds	0	241,982	241,982	241,982	
Federal Funds	0	0	950	950	

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Legal Services	<u>311,817</u>	<u>380,713</u>	<u>460,694</u>	<u>439,755</u>	
General Fund	114,912	150,027	148,412	148,412	
Cash Funds	192,655	226,436	297,282	276,343	
Federal Funds	4,250	4,250	15,000	15,000	
Administrative Law Judge Services	<u>3,468</u>	<u>4,446</u>	<u>1,272</u>	<u>6,706</u>	
Cash Funds	3,468	4,446	1,272	6,706	
Purchase of Services from Computer Center	<u>623,116</u>	<u>921,093</u>	<u>0</u>	<u>0</u>	
General Fund	458,292	632,600	0	0	
Cash Funds	164,824	288,493	0	0	
Colorado State Network	<u>208,016</u>	<u>157,528</u>	<u>0</u>	<u>0</u>	
General Fund	81,302	61,569	0	0	
Cash Funds	126,714	95,959	0	0	
Management and Administration of OIT	<u>17,784</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	13,767	0	0	0	
Cash Funds	4,017	0	0	0	
Payment to Risk Management and Property Funds	<u>162,091</u>	<u>147,063</u>	<u>156,601</u>	<u>126,011</u>	
General Fund	28,742	24,870	24,870	21,811	
Cash Funds	133,349	122,193	131,731	104,200	
Vehicle Lease Payments	<u>192,990</u>	<u>217,822</u>	<u>256,862</u>	<u>272,637</u>	*
General Fund	54,257	87,930	128,641	128,641	
Cash Funds	112,262	103,503	124,428	140,203	
Federal Funds	26,471	26,389	3,793	3,793	

JBC Staff Budget Briefing: FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Information Technology Asset Maintenance	<u>151,780</u>	<u>153,031</u>	<u>153,031</u>	<u>153,031</u>	
General Fund	42,041	42,041	42,041	42,041	
Cash Funds	109,739	110,990	110,990	110,990	
Leased Space	<u>119,281</u>	<u>121,311</u>	<u>13,914</u>	<u>13,914</u>	
General Fund	39,214	39,209	0	0	
Cash Funds	80,067	82,102	13,914	13,914	
Capitol Complex Leased Space	<u>169,713</u>	<u>213,608</u>	<u>0</u>	<u>0</u>	
General Fund	117,995	149,603	0	0	
Cash Funds	51,718	64,005	0	0	
Communication Services Payments	<u>12,505</u>	<u>16,049</u>	<u>0</u>	<u>0</u>	
General Fund	3,127	4,009	0	0	
Cash Funds	9,378	12,040	0	0	
COFRS Modernization	<u>57,758</u>	<u>66,270</u>	<u>72,971</u>	<u>72,971</u>	
General Fund	8,526	9,783	9,783	9,783	
Cash Funds	49,232	56,487	56,487	56,487	
Federal Funds	0	0	6,701	6,701	
Payments to OIT	<u>0</u>	<u>0</u>	<u>1,179,919</u>	<u>1,057,286</u>	
General Fund	0	0	854,546	804,546	
Cash Funds	0	0	325,373	252,740	
Information Technology Security	<u>0</u>	<u>10,721</u>	<u>0</u>	<u>0</u>	
General Fund	0	7,306	0	0	
Cash Funds	0	3,415	0	0	

JBC Staff Budget Briefing: FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Utilities	<u>138,752</u>	<u>161,939</u>	<u>161,939</u>	<u>161,939</u>	
General Fund	91,050	50,000	50,000	50,000	
Cash Funds	47,702	0	0	0	
Reappropriated Funds	0	111,939	111,939	111,939	
Agricultural Statistics	<u>11,317</u>	<u>0</u>	<u>15,000</u>	<u>15,000</u>	
Cash Funds	11,317	0	15,000	15,000	
Agriculture Management Fund	<u>2,525,898</u>	<u>1,976,283</u>	<u>2,048,914</u>	<u>2,048,914</u>	
FTE	2.3	1.4	2.0	2.0	
Cash Funds	2,525,898	1,976,283	2,048,914	2,048,914	
Indirect Cost Assessment	<u>18,300</u>	<u>195,377</u>	<u>203,114</u>	<u>203,114</u>	
Cash Funds	18,300	195,377	197,014	197,014	
Federal Funds	0	0	6,100	6,100	
TOTAL - (1) Commissioner's Office and Administrative Services	8,320,064	10,317,449	10,702,320	10,405,818	(2.8%)
FTE	<u>17.6</u>	<u>18.9</u>	<u>18.7</u>	<u>18.7</u>	0.0%
General Fund	2,084,457	2,527,931	3,017,360	2,877,414	(4.6%)
Cash Funds	5,179,305	6,246,689	5,885,714	5,672,033	(3.6%)
Reappropriated Funds	955,219	1,263,648	1,500,526	1,527,548	1.8%
Federal Funds	101,083	279,181	298,720	328,823	10.1%

JBC Staff Budget Briefing: FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(2) AGRICULTURAL SERVICES DIVISION

The division is divided into four distinct programs: (1) Inspection and Consumer Services; (2) Plant Industry; (3) Animal Industry; and (4) Fruit and Vegetable Inspections.

Animal Industry	<u>2,338,813</u>	<u>2,396,282</u>	<u>2,283,450</u>	<u>2,359,869</u>
FTE	27.1	27.6	25.5	25.5
General Fund	1,426,428	1,419,967	1,489,648	1,553,164
Cash Funds	527,511	528,569	540,835	630,202
Federal Funds	384,874	447,746	252,967	176,503
 Vaccine and Service Fund	 <u>374,757</u>	 <u>279,868</u>	 <u>324,320</u>	 <u>324,320</u>
FTE	1.3	0.4	1.0	1.0
Cash Funds	374,757	279,868	324,320	324,320
 Plant Industry	 <u>3,469,963</u>	 <u>3,102,272</u>	 <u>3,938,664</u>	 <u>4,013,655</u>
FTE	39.1	40.3	36.5	36.5
General Fund	345,460	350,550	362,689	623,724
Cash Funds	2,280,659	1,977,644	2,346,532	2,594,803
Federal Funds	843,844	774,078	1,229,443	795,128
 Inspection and Consumer Services	 <u>3,736,205</u>	 <u>3,593,726</u>	 <u>3,551,482</u>	 <u>3,643,139</u>
FTE	41.1	43.4	44.6	44.6
General Fund	972,110	1,055,240	1,009,582	1,172,298
Cash Funds	2,217,443	2,118,499	2,204,033	2,072,680
Reappropriated Funds	0	0	84,000	84,000
Federal Funds	546,652	419,987	253,867	314,161

JBC Staff Budget Briefing: FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
Conservation Services	<u>3,122,298</u>	<u>2,253,662</u>	<u>2,502,423</u>	<u>2,547,613</u>	
FTE	16.3	14.5	15.3	15.3	
General Fund	686,767	639,983	1,440,180	1,103,877	
Cash Funds	593,029	569,864	631,425	621,638	
Federal Funds	1,842,502	1,043,815	430,818	822,098	
Lease Purchase Lab Equipment	<u>1,196</u>	<u>0</u>	<u>99,360</u>	<u>99,360</u>	
General Fund	0	0	0	0	
Cash Funds	1,196	0	99,360	99,360	
Indirect Cost Assessment	<u>578,597</u>	<u>734,806</u>	<u>911,247</u>	<u>938,269</u>	
Cash Funds	427,372	589,625	701,617	645,755	
Federal Funds	151,225	145,181	209,630	292,514	
TOTAL - (2) Agricultural Services Division	13,621,829	12,360,616	13,610,946	13,926,225	2.3%
FTE	<u>124.9</u>	<u>126.2</u>	<u>122.9</u>	<u>122.9</u>	(0.0%)
General Fund	3,430,765	3,465,740	4,302,099	4,453,063	3.5%
Cash Funds	6,421,967	6,064,069	6,848,122	6,988,758	2.1%
Reappropriated Funds	0	0	84,000	84,000	0.0%
Federal Funds	3,769,097	2,830,807	2,376,725	2,400,404	1.0%

JBC Staff Budget Briefing: FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(3) AGRICULTURAL MARKETS DIVISION

This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. The reappropriated funds are from a transfer from the Economic Development Commission, in the Office of the Governor.

(A) Agricultural Markets

Program Costs	<u>1,191,167</u>	<u>1,099,103</u>	<u>1,438,944</u>	<u>1,461,819</u>	
FTE	6.5	7.4	5.4	5.4	
General Fund	446,217	446,232	469,152	489,079	
Cash Funds	21,449	0	50,454	50,454	
Federal Funds	723,501	652,871	919,338	922,286	
Economic Development Grants	<u>30,811</u>	<u>55,342</u>	<u>45,000</u>	<u>45,000</u>	
Reappropriated Funds	0	0	45,000	45,000	
Federal Funds	30,811	55,342	0	0	
Agricultural Development Board	<u>124,182</u>	<u>197,818</u>	<u>500,000</u>	<u>500,000</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	124,182	197,818	500,000	500,000	
Wine Promotion Board	<u>609,110</u>	<u>604,662</u>	<u>569,613</u>	<u>572,493</u>	
FTE	1.1	1.5	1.5	1.5	
Cash Funds	609,110	604,662	569,613	572,493	
Indirect Cost Assessment	<u>12,842</u>	<u>35,058</u>	<u>14,270</u>	<u>14,270</u>	
Cash Funds	9,150	29,928	10,000	10,000	
Federal Funds	3,692	5,130	4,270	4,270	
SUBTOTAL - (A) Agricultural Markets	1,968,112	1,991,983	2,567,827	2,593,582	1.0%
FTE	<u>7.6</u>	<u>8.9</u>	<u>6.9</u>	<u>6.9</u>	<u>0.0%</u>
General Fund	446,217	446,232	469,152	489,079	4.2%
Cash Funds	763,891	832,408	1,130,067	1,132,947	0.3%
Reappropriated Funds	0	0	45,000	45,000	0.0%
Federal Funds	758,004	713,343	923,608	926,556	0.3%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
(B) Agricultural Products Inspection					
Program Costs	<u>2,020,241</u>	<u>1,863,439</u>	<u>2,095,927</u>	<u>2,142,213</u>	
FTE	37.1	30.1	34.5	34.5	
General Fund	200,000	200,000	200,000	200,000	
Cash Funds	1,820,241	1,663,439	1,895,927	1,942,213	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Indirect Cost Assessment	<u>111,000</u>	<u>92,539</u>	<u>93,895</u>	<u>93,895</u>	
Cash Funds	111,000	92,539	93,895	93,895	
SUBTOTAL - (B) Agricultural Products Inspection	2,131,241	1,955,978	2,189,822	2,236,108	2.1%
<i>FTE</i>	<u>37.1</u>	<u>30.1</u>	<u>34.5</u>	<u>34.5</u>	<u>0.0%</u>
General Fund	200,000	200,000	200,000	200,000	0.0%
Cash Funds	1,931,241	1,755,978	1,989,822	2,036,108	2.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - (3) Agricultural Markets Division	4,099,353	3,947,961	4,757,649	4,829,690	1.5%
<i>FTE</i>	<u>44.7</u>	<u>39.0</u>	<u>41.4</u>	<u>41.4</u>	<u>(0.0%)</u>
General Fund	646,217	646,232	669,152	689,079	3.0%
Cash Funds	2,695,132	2,588,386	3,119,889	3,169,055	1.6%
Reappropriated Funds	0	0	45,000	45,000	0.0%
Federal Funds	758,004	713,343	923,608	926,556	0.3%

JBC Staff Budget Briefing: FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(4) BRAND BOARD

The Brand Board is responsible for inspecting cattle, horse, and alternative livestock brands to verify ownership at the time of sale, transport, or slaughter, and constitutes an enterprise for the purposes of Section 20 of Article X of the Colorado Constitution.

Brand Inspection	<u>3,807,662</u>	<u>3,905,478</u>	<u>4,061,546</u>	<u>4,032,313</u>	
FTE	57.9	55.1	59.0	59.0	
General Fund	0	0	0	0	
Cash Funds	3,807,662	3,905,478	4,061,546	4,032,313	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Alternative Livestock	<u>8,769</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	
Cash Funds	8,769	15,000	15,000	15,000	
Brand Estray Fund	<u>30,432</u>	<u>68,016</u>	<u>40,000</u>	<u>40,000</u>	
Cash Funds	30,432	68,016	40,000	40,000	
Indirect Cost Assessment	<u>136,838</u>	<u>168,019</u>	<u>164,731</u>	<u>164,731</u>	
Cash Funds	136,838	168,019	164,731	164,731	

TOTAL - (4) Brand Board	3,983,701	4,156,513	4,281,277	4,252,044	(0.7%)
FTE	<u>57.9</u>	<u>55.1</u>	<u>59.0</u>	<u>59.0</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	3,983,701	4,156,513	4,281,277	4,252,044	(0.7%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(5) COLORADO STATE FAIR

This division administers the State Fair under the guidance of the State Fair Authority. Cash funds are from the fees collected by the State Fair during its 11-day event, and from non-fair events held at the State Fairgrounds in Pueblo, Colorado.

Program Costs	<u>7,519,741</u>	<u>7,412,903</u>	<u>8,443,307</u>	<u>8,512,643</u>	
FTE	25.2	24.4	26.9	26.9	
General Fund	0	0	0	0	
Cash Funds	7,519,741	7,412,903	8,443,307	8,512,643	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
FFA and 4H Funding	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>550,000</u>	*
General Fund	0	0	250,000	550,000	
Indirect Cost Assessment	<u>87,837</u>	<u>107,602</u>	<u>113,269</u>	<u>113,269</u>	
Cash Funds	87,837	107,602	113,269	113,269	

TOTAL - (5) Colorado State Fair	7,607,578	7,520,505	8,806,576	9,175,912	4.2%
FTE	<u>25.2</u>	<u>24.4</u>	<u>26.9</u>	<u>26.9</u>	0.0%
General Fund	0	0	250,000	550,000	120.0%
Cash Funds	7,607,578	7,520,505	8,556,576	8,625,912	0.8%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	Request vs. Appropriation
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(6) CONSERVATION BOARD

This division works to preserve Colorado's natural resources including reducing soil erosion and flood damage, as well as protecting underground water reserves.

Program Costs	<u>438,820</u>	<u>439,008</u>	<u>456,064</u>	<u>474,995</u>	
FTE	5.4	5.6	5.2	5.2	
General Fund	438,820	439,008	456,064	474,995	
Reappropriated Funds	0	0	0	0	
Distribution to Soil Conservation Districts	<u>191,714</u>	<u>391,714</u>	<u>391,714</u>	<u>391,714</u>	
General Fund	191,714	391,714	391,714	391,714	
Matching Grants to Districts	<u>318,996</u>	<u>444,222</u>	<u>675,000</u>	<u>675,000</u>	
General Fund	0	225,000	225,000	225,000	
Cash Funds	318,996	219,222	450,000	450,000	
Salinity Control Grants	<u>817,655</u>	<u>1,021,926</u>	<u>502,859</u>	<u>505,365</u>	
FTE	0.0	1.8	0.0	0.0	
Federal Funds	817,655	1,021,926	502,859	505,365	
TOTAL - (6) Conservation Board	1,767,185	2,296,870	2,025,637	2,047,074	1.1%
FTE	<u>5.4</u>	<u>7.4</u>	<u>5.2</u>	<u>5.2</u>	<u>0.0%</u>
General Fund	630,534	1,055,722	1,072,778	1,091,709	1.8%
Cash Funds	318,996	219,222	450,000	450,000	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	817,655	1,021,926	502,859	505,365	0.5%
TOTAL - Department of Agriculture	39,399,710	40,599,914	44,184,405	44,636,763	1.0%
FTE	<u>275.7</u>	<u>271.0</u>	<u>274.1</u>	<u>274.1</u>	<u>(0.0%)</u>
General Fund	6,791,973	7,695,625	9,311,389	9,661,265	3.8%
Cash Funds	26,206,679	26,795,384	29,141,578	29,157,802	0.1%
Reappropriated Funds	955,219	1,263,648	1,629,526	1,656,548	1.7%
Federal Funds	5,445,839	4,845,257	4,101,912	4,161,148	1.4%

Appendix B: Recent Legislation Affecting Department Budget

2013 Session Bills

H.B. 13-1234: (Office Consolidation) Authorizes the entry into lease-purchase agreements by the Department for a period of up to 20 years and expands the allowable deposits to the Agriculture Management Cash Fund to include proceeds from the sale of a building that currently houses the Department’s Inspection and Consumer Services Division.

S.B. 13-174: (Food Systems Advisory Council) Continues the Food Advisory Council until September 1, 2018, increases the council membership from 13 to 15 governor-appointed members, and requires that funds in the Food Systems Advisory Council Cash Fund be continuously appropriated.

S.B. 13-223: (Noxious Weed Advisory Committee) Continues the Noxious Weed Advisory Committee until September 1, 2023 and adds two non-voting members.

S.B. 13-241: (Industrial Hemp Committee) Establishes a registration program in the Department for people cultivating industrial hemp commercially or for research and development purposes.

2014 Session Bills

H.B. 14-1300: (State Fair) Transferred \$300,000 General Fund from the Controlled Maintenance Trust Fund to the Colorado State Fair Authority Cash Fund.

H.B. 14-1336: (Long Bill) General appropriations act for FY 2014-15.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

None.

Requests for Information

None.

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Agriculture indirect cost assessment methodology is calculated based on three components: an “*Indirect Cost Pool*”, an “*Indirect Cost Base*”, and an “*Indirect Cost Rate*”.

The *Indirect Cost Pool* is based on the estimated personal services, operating, and utility line items for the requested budget year in the Commissioner’s and Administrative Services Office. For FY 2015-16, the Department’s *Indirect Cost Pool* as requested is \$1,527,548. **Table 1** outlines which line items are included in the department’s *Indirect Cost Pool*.

Table 1		
Department of Agriculture Indirect Cost Pool		
Division	Line Item	FY 2015-16 Request
Executive Director’s Office	Personal Services	\$1,173,627
	Operating	241,982
	Utilities	<u>111,939</u>
FY 2015 -16 Indirect Cost Pool		\$1,527,548

The *Indirect Cost Base* is set equal to the *Indirect Cost Pool*. The *Indirect Cost Rate* is set estimation purposes at 11.0 percent for most cash fund in the department. However, there are statutory indirect cost caps for the following cash funds: Brand Inspection (3.6 percent), Brand Estray (3.6 percent), Alternative Livestock (3.6 percent), and Agriculture Products Inspection (5 percent). The Agriculture Value-Added Fund and the State Fair Fund *Indirect Cost Rate* is set at 1.5 percent because these funds use few Department resources. **Table 2** summarizes the Department’s *Indirect Cost Base* by division.

Table 2	
Department of Agriculture Indirect Cost Base	
Division	Base
Commissioner’s Office	203,114
Agricultural Services	938,269
Agricultural Markets	108,165
Brand Board	164,731
State Fair	<u>113,269</u>
Total FY 2013-14 Request	\$1,527,548

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FY 2014-15 Indirect Cost Assessment Request

For FY 2014-15 the Department has requested \$1,527,548 for indirect cost assessments. This amount is equal to the *Indirect Cost Pool*. **Table 3** shows the FY 2014-15 Department indirect cost assessment based on the November 1 request for each division.

Table 3			
Department Indirect Cost Assessment Request			
Division	Total	CF	FF
Commissioner’s Office	203,114	197,014	6,100
Agricultural Services	938,269	645,755	292,514
Agricultural Markets	108,165	103,895	4,270
Brand Board	164,731	164,731	0
State Fair	<u>113,269</u>	<u>113,269</u>	0
Total FY 2015-16 Request	\$1,527,548	\$1,224,664	\$302,884
FY 2014-15 Indirect Cost Assessment	1,500,526	1,280,526	220,000
Difference (FY 16 - FY 15)	\$27,022	(\$55,862)	\$82,884

Appendix E: SMART Act Annual Performance Report

Pursuant to Section 2-7-205 (1) (b), C.R.S., the Department of Agriculture is required to publish an Annual Performance Report by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. The report dated October 31, 2014 is attached for consideration by the Joint Budget Committee in prioritizing the Department's budget requests.

Strategic Policy Initiatives

The Department of Agriculture has identified several strategic policy initiatives for FY 2014-15 and beyond. For this evaluation report, the Department selected a few initiatives that best capture some of the Department's strategic and operational priorities and reflect the overall direction as identified by Department leadership. The initiatives also provide context for much of the day-to-day work, which is highlighted in the measures section of the report. Additional detail for these, and other, strategic policy initiatives is available in the Department's Performance Plan, which may be accessed [here](#).

E-License Project – Complete the Department's E-License project

Enabling our customers to apply or renew and pay for their licenses, registrations, and inspections through an online application will enhance customer service and improve operational efficiencies. Beginning December 2014, users of seven programs will be able to conduct their business through CDA's new E-License portal. Combined, the seven programs represent about 23,000 applicants and 25 percent of the paper forms CDA receives annually for renewal. Additional programs will roll out in FY 2014-15 and FY 2015-16. The goal is for 90 percent of all registrations and 100 percent of all inspections to be completed utilizing the E-License system.

Energy Efficiency – Enhance energy efficiency opportunities for Colorado agricultural producers

CDA and the Colorado Energy Office (CEO) completed a pilot project in August 2014 to design a statewide program for the next three years to implement energy efficiency measures with dairies and irrigators, as well as renewable energy at dairies. The goal of the collaboration is to deliver a more efficient energy audit and energy conservation measure implementation process for Colorado's dairies and powered irrigators.

Livestock Producers – Foster growth and market opportunities for Colorado's livestock producers

CDA continues to work towards the goal of maintaining Colorado's disease-free status. Central to maintaining the ability for Colorado livestock and products to move freely through interstate and international channels is maintaining a disease-free status. At present, Colorado has sustained its disease-free status for livestock brucellosis, tuberculosis, pseudorabies in swine, and Salmonella pullorum in poultry. Other novel disease control and eradication efforts have also been successfully applied to other diseases that do not have official disease control program status. Disease-free status is maintained through enhancing the animal disease traceability system to better trace back diseased animals and to prevent and control significant livestock diseases.

Office Consolidation – Complete the Department's Office Consolidation

CDA completed Phase I of its office consolidation in FY 2013-14 – moving the Commissioner's Office, Animal Health, Brand Inspection, Conservation services, Markets, and Plant Industry Divisions to a single office complex in the Interlocken Business Park in Broomfield, CO. Phase II relocates the Inspection and



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Consumer Services Division as well as the Biochemistry, Metrology, and Rocky Mountain Regional Animal Health laboratories to the Interlocken facility by no later than July 1, 2017. Completing the office consolidation is key to driving operational efficiencies and enhancing staff collaboration.

Potato Market Access – Capitalize on the new agreement with Mexico that expanded market access for fresh potatoes

After only 21 days of market access to all of Mexico, a decision by Mexican courts in June 2014 restricted imports of fresh potatoes from the U.S. to only the 26 km free trade zone. Nonetheless, Colorado has captured increased market share and shipments from July 1, 2014 to September 22, 2014 were 87 percent higher than for the same period in 2013. The goal is to increase shipments for FY 2014-15 by 20 percent. CDA’s Markets Division continues to support Colorado’s potato growers and shippers to increase shipments to Mexico through participation in trade shows and the facilitation of buyer-seller networking opportunities.

Operational Measures

Major Program Area – Animal Health

Process - Disease traceability facilitates the veterinary inspection of livestock, and the cataloging of disease data

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of animal disease traceability performance exercises conducted that meet USDA traceability standards	New measure for FY13	100%	100%	100%	100%
Percentage of disease traceability investigations determining the location of the diseased animal(s) within one business day	New measure for FY14	New measure for FY14	37.5%	95.0%	95.0%
Percentage of disease traceability investigations determining the movement of diseased animals within seven business days	New measure for FY14	New measure for FY14	62.5%	95.0%	95.0%

Results of the 16 exercises conducted by the Division in FY 2013-14 are comparable or better than results achieved by other similar livestock-rich states. In many instances, USDA provided an ear tag number as the only means for locating the animal(s) or the exercises involved animals from 5-7 years ago for which information is not available from the Division’s animal health information management database (USA Herds). Still, the Division completed the exercises and expects that performance results will improve in FY 2014-15 as additional years information is uploaded to the USA Herds database.

Major Program Area – Brand Inspection

Process - Inspectors inspect livestock to ensure that the person in control of the animal(s) either owns or is authorized to be in control of the animal(s)

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of inspections conducted in compliance with statute and regulations	100%	100%	100%	100%	100%
Number of inspections resulting in a disputed legal action	0	0	0	5	5

Inspections completed by the Brands Division have resulted in no disputed legal actions in recent years. The goal is to not exceed five legal actions in any one year.

Major Program Area – Colorado State Fair

Process - Identify when facilities are underutilized, develop target listing of potential renters, and contract with individuals and organizations to raise non-Fair revenues

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage utilization rate of the State Fair facilities	51.0%	48.0%	51.0%	60.0%	70.0%
Non-Fair revenues	\$734,000	\$685,789	\$742,255	\$750,000	\$822,000

Major Program Area – Conservation Services

Process - Program provides consultation, field support and grant funds to develop and implement eradication plan of noxious weeds

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of List A sites that meet annual elimination objective	85.0%	85.0%	85.0%	100%	100%
Percentage of List A sites that visited within one week of being reported to document plant population and begin verification process	New measure for FY13	100%	100%	100%	100%

Major Program Area – Inspection and Consumer Services

Process – Inspectors conduct testing of weighing and measuring devices utilizing official standards approved by the Division’s Metrology Laboratory

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of business with a scale inspection interval that exceeded 12 months	New measure for FY13	10.0%	6.3%	0%	0%



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Major Program Area – Markets Division

Process – Inspectors inspect product samples for determination of size and quality standards, and provide Certificates of Inspection

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of inspection requests responded to within two hours	100%	100%	100%	100%	100%
Percentage of inspection requests responded to within 30 minutes	98.0%	97.0%	97.0%	90.0%	90.0%
Number of shipments for which the shipping point inspection is reversed by an appeal at the destination market due to permanent defects	0	0	0	5	5
Volume (cwt.) of shipments for which inspections are reversed at the receiving point	0	0	0	2,000	2,000

A target response rate to inspection requests responded to within 30 minutes of between 90 to 95 percent serves as a leading indicator for optimal staffing levels. No inspections completed by the Markets Division have been reversed at the receiving point in recent years and goal is to not exceed five reversals in any given year and for the total weight not to exceed 2,000 hundredweight.

Major Program Area – Plant Industry

Process – Inspectors review samples of shipments of plant products to ensure they are free of harmful pests and plant diseases, and provide certification for exporters

Measure	FY12 Actual	FY13 Actual	FY14 Actual	1-Year Goal	3-Year Goal
Percentage of Federal and State phytosanitary certificates issued within one day of request when the inspection, test, or other required information is complete	100%	100%	100%	100%	100%
Percentage of Federal and State phytosanitary certificates issued with no errors	99.0%	99.25%	99.0%	99.0%	99.0%