

COLORADO
DEPARTMENT OF AGRICULTURE

The Department of Agriculture, Colorado's Food & Agriculture Industry,
and Overview of the Department's Strategic Planning Process

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and Overview of the Department's
Strategic Planning Process***

John Salazar
Commissioner of Agriculture
January 18, 2012

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Topics for Discussion

- State of Colorado's Agriculture Industry
- Department Overview
- FY 2012-13 Budget Request
- Strategic Plan Review
- Q&A




Photo courtesy Laurie Purcell

"...Colorado agriculture is leading the state out of this recession."

-From Governor John Hickenlooper's 2012 State of the State Address

Colorado's Agriculture Industry

- Colorado's farmers and ranchers ...
 - ✓ help feed the nation, as well as consumers around the world,
 - ✓ provide wildlife habitat and protect the environment,
 - ✓ support Colorado's rural communities, and
 - ✓ are helping to build Colorado's new energy economy.
- Agriculture is about more than food, fiber and feed. Today, it's about fuel as well.
- Colorado's diverse agricultural and food industry contributes significantly to the state's economy -- generating economic activity of more than \$40 billion annually.
- Supports nearly 170,000 jobs.

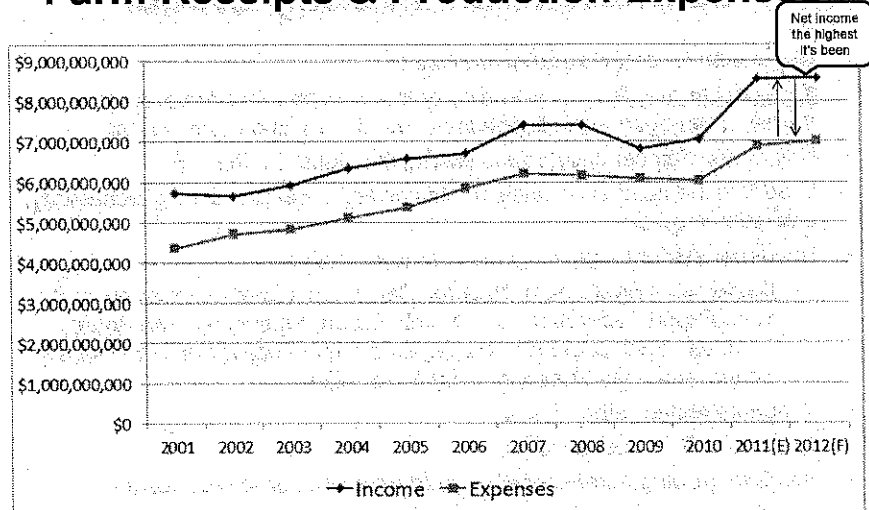
Colorado is an Industry Leader

- Reputation for organic and natural foods
- **#1 producer of millet** and a leading producer of fresh market potatoes, barley, cantaloupe, lettuce, potatoes, sweet corn, and winter wheat
- Milk production per dairy cow is among the highest in the U.S.
- Leader in the number of cattle and lambs fed, meat processing technology, and animal welfare
- Headquarters for national agricultural associations
 - Cattlemen's Beef Board, National Cattlemen's Beef Association, U.S. Meat Export Federation, U.S. Potato Board, American Lamb Board, American Society of Farm Managers & Rural Appraisers, U.S. Honey Board, American Sheep Industry Association
- National Western Stock Show
- **#1 in the U.S. in beer brewing**
- Home to growing number of wine, craft beer and spirits producers

Estimates for 2011 and 2012

- Net income for 2011 is estimated at a record-high **\$1.66B** – a level nearly **\$300M** greater than the previous high of **\$1.38B** for 2005.
 - Strong commodity and livestock prices more than offset increases in feed, fuel, and other costs.
 - Growing export demand, especially for beef, was a leading contributor to higher prices.
- 2012 Outlook is equally promising
 - New trade agreements, improved market access, and generally weaker dollar will continue to support export growth
 - RFS continues to create strong ethanol demand and the livestock sector may begin to see some rebuilding of cattle herds, as well as more movement through feedlots.

Farm Receipts & Production Expenses



Sources: USDA/Economic Research Service (2004-2009) and Colorado Business Economic Outlook (2010-2012)

Opportunities for Colorado Agriculture

	Very Significant	Somewhat Significant	Not Very Significant	Not Significant	Rating Average ¹
Water (i.e., new supplies, storage, etc.)	60.1%	17.1%	2.7%	0%	3.77
Consumer and Public Education about Agriculture and Food	61.5%	32.9%	5.6%	0%	3.56
Sustainability	55.1%	40.1%	4.8%	0%	3.50
Natural Resources Conservation	46.5%	45.1%	7.6%	0.7%	3.37
Development of Value-Added Business Ventures	46.2%	43.4%	8.4%	2.1%	3.34
Trade Promotion and Export Market Development	46.2%	42.0%	10.5%	1.4%	3.33

Others included: Local Food Systems Development (3.28), Biotechnology (3.27), Ag-Based Renewable Energy Development (3.22), Advancement of New & Alternative Crops (3.21), Organic and Natural Production (2.82), and Animal ID and Traceability Systems (2.81).

¹) The scale for the rating average is 1 to 4 with 4 being the highest.

Q) Potential also exists to capitalize on opportunities enhancing the long-term sustainability and profitability of Colorado's agriculture industry. In your opinion, how significant do you believe the following opportunities to be?

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Challenges & Threats to Colorado Agriculture

	Very Significant	Somewhat Significant	Not Very Significant	Not Significant	Rating Average ¹
Loss of Use/Availability of Water	89.2%	10.1%	0.0%	0.7%	3.88
Lack of Connection to and Understanding of Agriculture by the General Public	69.9%	24%	5.5%	0.7%	3.63
Environmental Policies Impacting Agriculture	64.6%	26.5%	8.2%	0.7%	3.55
General Farm Economics	57.5%	35.6%	6.2%	0.7%	3.50
Development and Loss of Agricultural Lands	54.5%	37.1%	5.6%	2.8%	3.43

Others included: State/US/Global Economy (3.39), Labor & Immigration (3.36), Lack of Public Investment in Ag Sciences and Applied Research (3.33), Increased Taxes, Fees, etc. (3.32), Food Security (3.23), Lack of Investment in Rural Infrastructure (3.23), Lack of Global Market Access and High Import Tariffs (3.18), Agricultural Credit (3.16), Activists and/or Disinterest Groups (3.14), Food & Ag Imports from Other Countries (3.11), Eroding Public Confidence in the Safety of Food (3.05), and Climate Change (2.42).

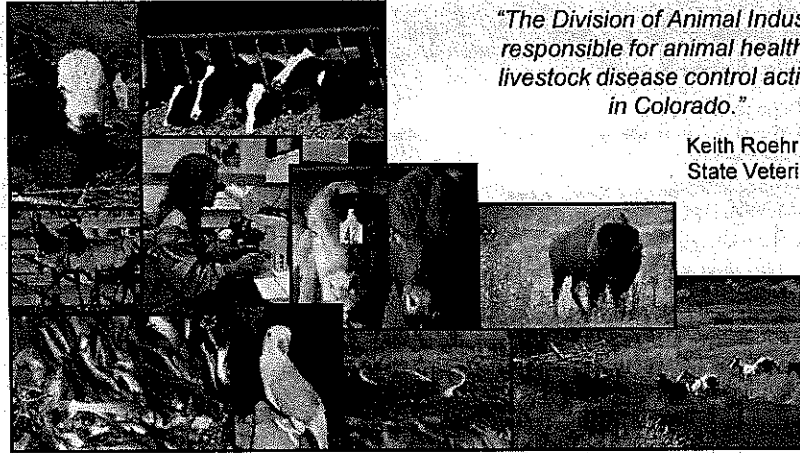
1) The scale for the rating average is 1 to 4 with 4 being the highest.
 Q) In your opinion, how significant of a challenge and/or threat do you believe the following issues are relative to the long-term sustainability and profitability of Colorado's agriculture industry?

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Department Overview

Animal Industry



"The Division of Animal Industry is responsible for animal health and livestock disease control activities in Colorado."

Keith Roehr, DVM
State Veterinarian

Brands



"Our responsibility is to protect the livestock industry from loss by theft, illegal butchering, or straying of livestock."

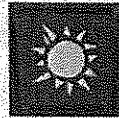
Christopher Whitney
Brand Commissioner

Colorado State Fair



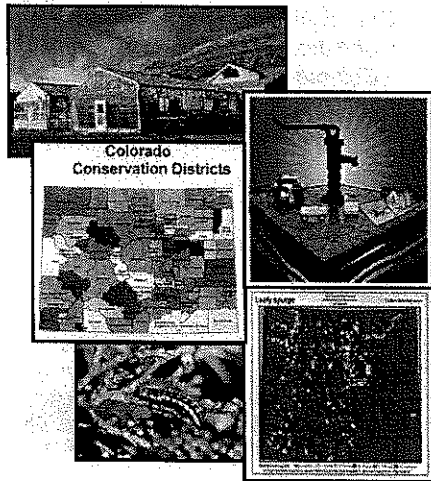
"The Colorado State Fair has been a part of Colorado's agricultural history for nearly 140 years. We are proud to honor that legacy by promoting youth and agriculture."

Chris Wiseman
General Manager



Colorado State Fair

Conservation



Colorado Conservation Districts

"Our goal is to collaborate with public and private landowners across Colorado to enhance the stewardship of natural resources related to agricultural practices and lands."

Eric Lane, Director

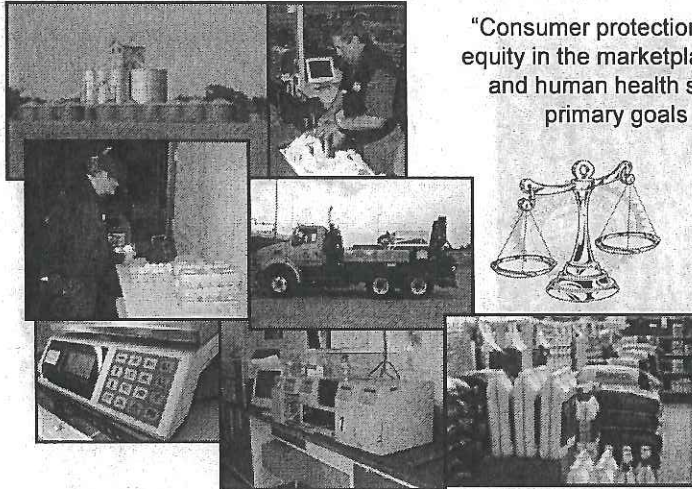


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Inspection & Consumer Services



"Consumer protection, promotion of equity in the marketplace, and animal and human health safety are the primary goals of ICS."



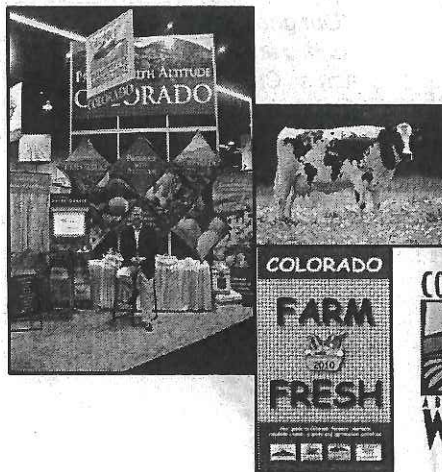
Steve Bornmann
Director

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Markets



"Our mission is to increase marketing and processing opportunities for Colorado's agricultural industry."

Tom Lipetzky
Director

COLORADO
MARKETMAKER™



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Plant Industry

DPI
DIVISION OF PLANT INDUSTRY

- Aptery
- Chemigation
- Cooperative Agricultural Pest Survey
- Nursery
- Organic Certification
- Pesticide Programs
- Phytosanitary Certification
- Seed
- Weed Free Forage

"We are committed to improving the environment, providing consumer protection, and assuring the integrity of agriculture and related industries."

Mitchell Yergert
Director

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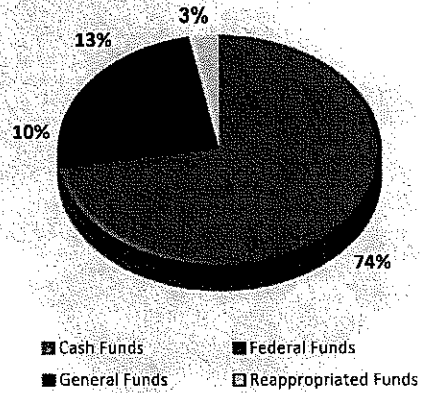
FY 2012-13 Budget Request

A Snapshot of CDA

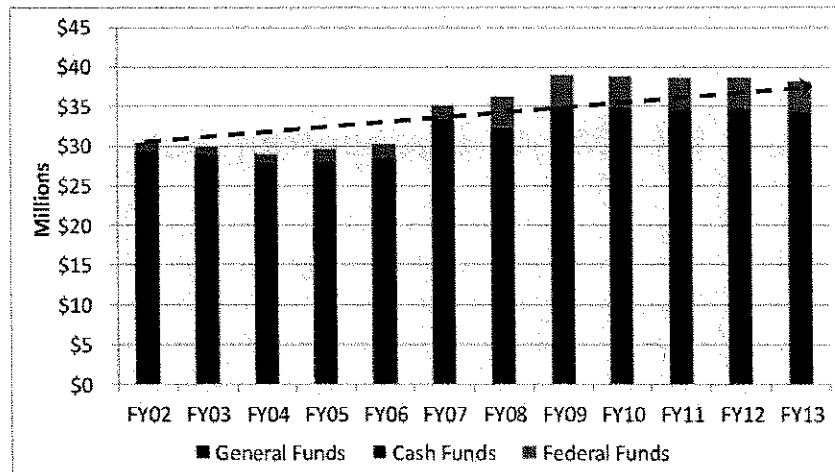
- Proposed FY12-13 budget of \$39.1 million.
- 279.4 FTE allocated for seven function-driven divisions.

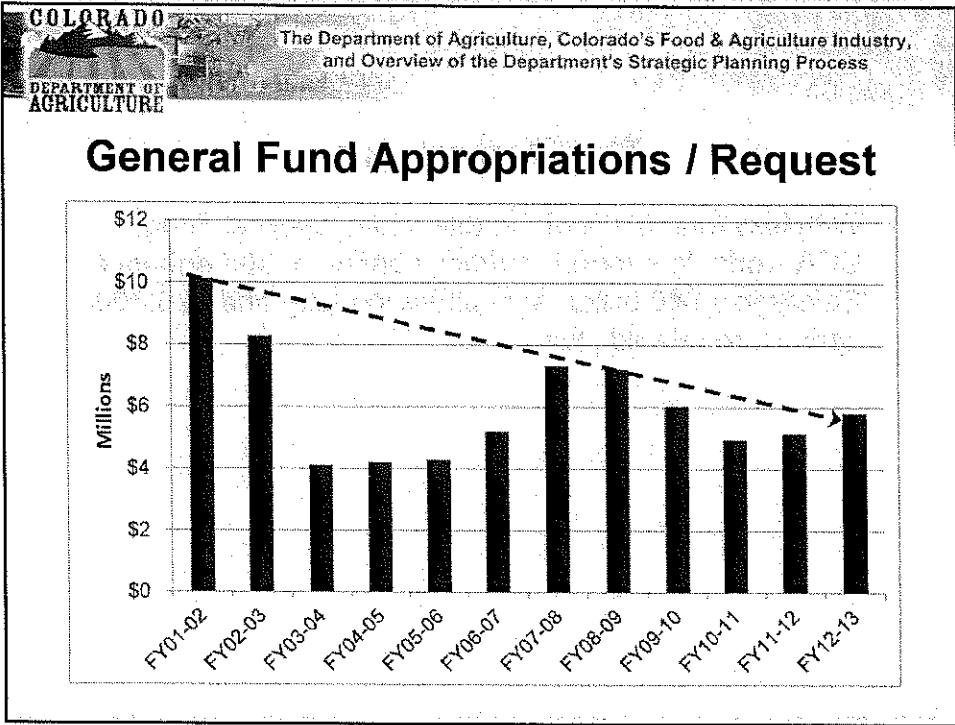
Animal Industry	Brands
Colorado State Fair	Conservation Services
Inspection & Consumer Services	Markets
Plant Industry	

Proposed Budget for FY12-13



Total Department Budget





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General Fund Impact of ICS Refinance

- Refinance will not require a fee increase

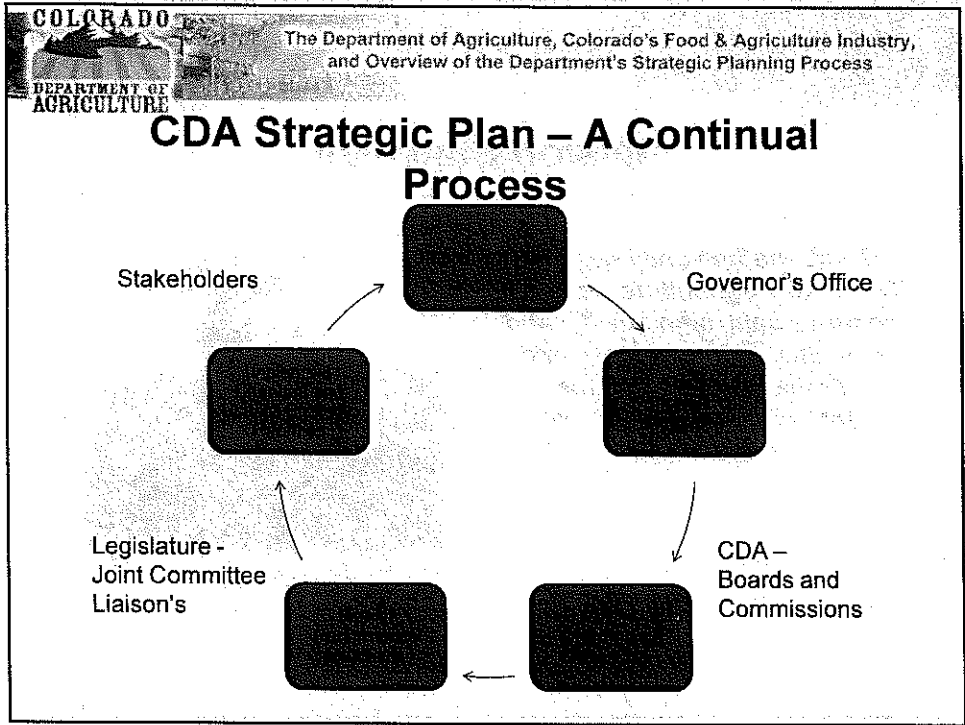
General Fund Impact of ICS Refinance		
Request	With Refinance	Without Refinance
Cash Funding ICS	(\$1,262,642)	\$1,262,642
Lab equipment	(\$22,770)	\$22,770
General Fund Impact of ICS Refinance	(\$1,285,412)	\$1,285,412
FY 2011-12 Total General Fund		\$5,164,362
Common policy and other base adjustments*		\$179,775
Restore Markets GF		\$446,656
Lab equipment Decision Item		\$22,770
General Fund Request with ICS refinance		\$5,813,563
Total General Fund Increase from FY 2011-12 with ICS Refinance		\$649,201
General Fund Request without ICS Refinance		\$7,076,205
Total General Fund Increase from FY 2011-12 without ICS Refinance		\$1,911,843
General Fund "savings" with ICS Refinance		\$1,285,412

*Includes DPA/OIT Common Policy, PERA restoration, and annualization of prior legislation

The Bottom Line

- With less than 0.1% of the total state General Fund, CDA works to support, protect, conserve, and enhance Colorado's \$40 billion agriculture industry and 170,000 agriculture related jobs.

Strategic Plan Review



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- ### Progress To Date
- **Refined Mission and Vision Statements**

Mission Statement

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



Photo courtesy Cheryl Jacobson

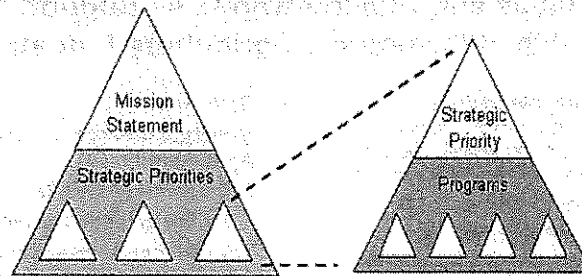
Vision Statement

*That the business environment for Colorado's agricultural and
food industry be profitable, growing, and sustainable so
Colorado's agriculture industry remains a key driver of the State's
economy.*

Progress To Date

- Refined **Mission** and **Vision** Statements
- Identified **Strategic Priorities** & the various programs that support each priority

The Strategic Hierarchy




- CDA mission drives strategic priorities
- Strategic priorities drive program performance measures

CDA's Strategic Priorities

- **Develop and expand marketing, trade, new business opportunities and public awareness supporting the growth of Colorado's agriculture industry.**
- **Ensure that Colorado's agricultural producers and consumers are protected in the marketplace.**
- **Help farmers, ranchers and other landowners manage Colorado's natural resources effectively for sustained agricultural production and environmental health.**
- **Protect Colorado's animal and plant industries through the prevention and control of diseases and pests, and the care and health promotion of all animals.**
- **Provide for a safer, more secure food supply and enhance the protection of Colorado's agriculture industry and the general public.**

Develop and Expand Marketing, Trade, New Business Opportunities and Public Awareness Supporting the Growth of Colorado's Agriculture Industry


- **Domestic and International Marketing Programs** (i.e., Colorado Proud, Colorado Market Maker, Specialty Crops Grant Program, Seal of Quality, etc.)
- **Organic Certification**
- **Market Order Programs**
- **Advancing Colorado's Renewable Energy (ACRE) Program**
- **Greenhouse Inspection**
- **Livestock Market News Reporting**
- **AgriTourism**
- **AgInsights**
- **State Fair**
- **Governor's Forum on Colorado Agriculture**
- **Phytosanitary Certification**
- **CO Wine Industry Development**
- **Educational Outreach and Communications** (i.e., CDA booths at NWSS, Colorado Farm Show, Four States Ag Expo, Ag Day at the Capitol, etc. and CDA website, media releases and Inside Ag e-newsletter)
- **Apiary Program**
- **Colorado Agriculture Value-Added Development Board**

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Ensure that Colorado's Agricultural Producers and Consumers are Protected in the Marketplace

- **Licensing and Bonding of Commodity Handlers and Farm Products Dealers**
- **Seed Inspection**
- **Nursery Stock Inspection**
- **Livestock Auction Licensing**
- **Livestock Brand Recording & Inspection**
- **Pet Animal Care Facilities Act (PACFA)**
- **Metrology and Biochemistry Laboratories Calibrations and Testing**
- **Measurement Standards Programs** (i.e., scale, price verification and package labeling compliance inspections)
- **Feed Inspection**
- **Fertilizer Program**
- **Size and Grade Inspection of Fruits and Vegetables**
- **Egg Inspection and Licensing**
- **Regulation of Home Foodservice Plans**
- **Slaughter Facility Inspection**
- **Meat Plant Inspection**
- **Missing and Stolen Livestock**

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Help Farmers, Ranchers and other Landowners Manage Colorado's Natural Resources Effectively for Sustained Agricultural Production and Environmental Health

- **State Conservation Board** (i.e., Direct Assistance Grants, Matching Grants, and Salinity Control Grants)
- **Noxious Weed Management Program**
- **Chemigation**
- **Advancing Colorado's Renewable Energy (ACRE) Program**
- **Biological Pest Control Program** (i.e., Palsade Insectary)
- **Agricultural Chemicals and Groundwater Protection Program**
- **Weed-Free Hay Certification**
- **Seed Inspection**
- **Nursery Inspection**

Protect Colorado's Animal and Plant Industries Through the Prevention and Control of Diseases and Pests, and the Care and Health Promotion of All Animals

- Animal Disease Eradication and Control Programs
- Veterinary Inspection for Animal Movements into Colorado
- Colorado Livestock Security System
- Animal ID Program
- Rodent & Predator Control
- Alternative Livestock Licensing & Inspection
- Stray and Abandoned Livestock
- Metrology and Biochemistry Laboratories Calibrations and Testing
- Public Livestock Markets Veterinary Inspection
- Rocky Mountain Regional Lab
- Aquaculture Program
- Pest Survey
- Plant Pest Quarantine Program
- Bureau of Animal Protection
- Pet Animal Care Facilities Act (PACFA)
- Biological Pest Control Program
- Noxious Weed Management Program
- Feed Inspection

Provide for a Safer, More Secure Food Supply and Protect Colorado's Agriculture Industry and the General Public

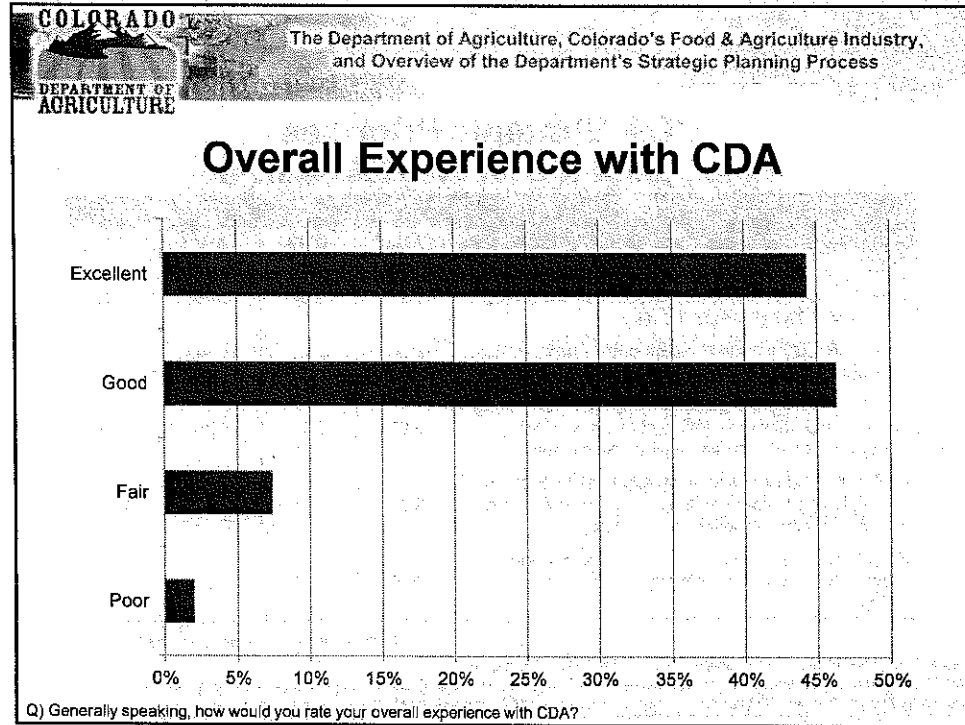
- Homeland Security Program
- Pesticide Registration
- Emergency Response
- Good Agricultural Practices and Good Handling Practices Certification
 - Food safety workshops
 - Training and Certification
- Chemigation Program
- Feed Inspection
- Pesticide Applicators Licensing
- Anhydrous Ammonia Safety Program
- Animal Disease Eradication & Control Programs
- Agricultural Chemicals and Groundwater Protection Program
- Metrology and Biochemistry Laboratories Calibrations and Testing

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Progress To Date

- Refined Mission and Vision Statements
- Identified Strategic Priorities & the various programs that support each priority
- Surveyed industry leaders and the findings helped to...
 - Rank the importance of the Strategic Priorities
 - Develop baseline performance measures
 - Overall Customer Satisfaction
 - CDA's Effectiveness in delivering against the Strategic Priorities
 - Identify other priorities and/or initiatives
 - Division Performance Measures
 - Successes



Comparison to Prior Year

	Excellent	Good	Fair	Poor	Average Rating
2011	44.3%	46.3%	7.4%	2.0%	3.33
2010	51.7%	41.4%	4.6%	2.3%	3.43

Top 2 Box score for 2011 was 91% vs. 93% for 2010. The difference is not statistically different at the 95% confidence level.

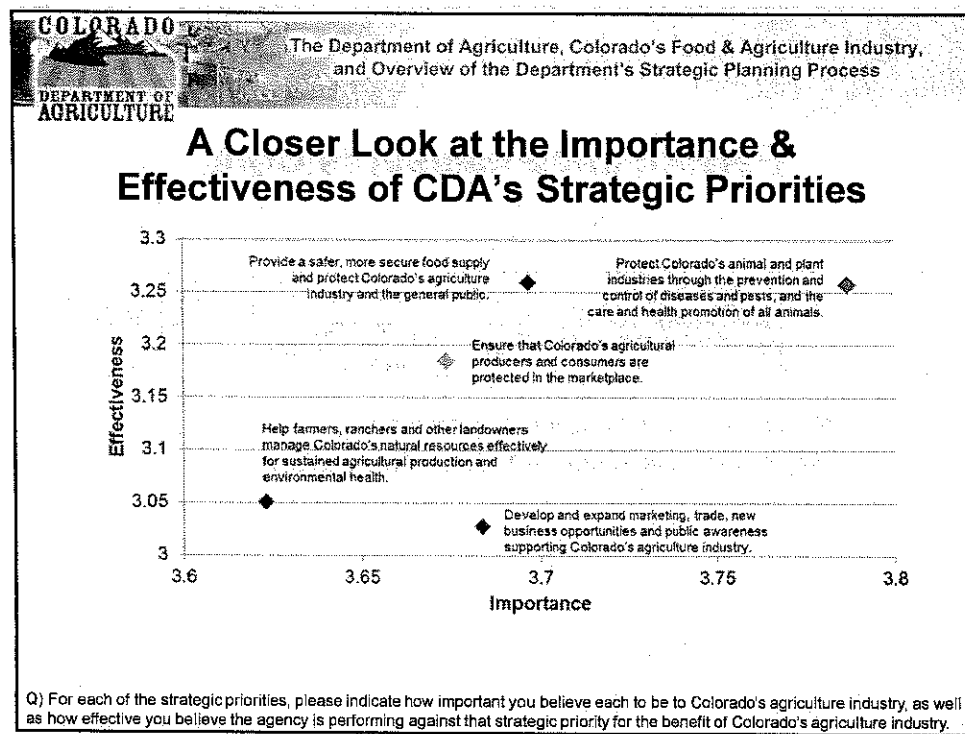
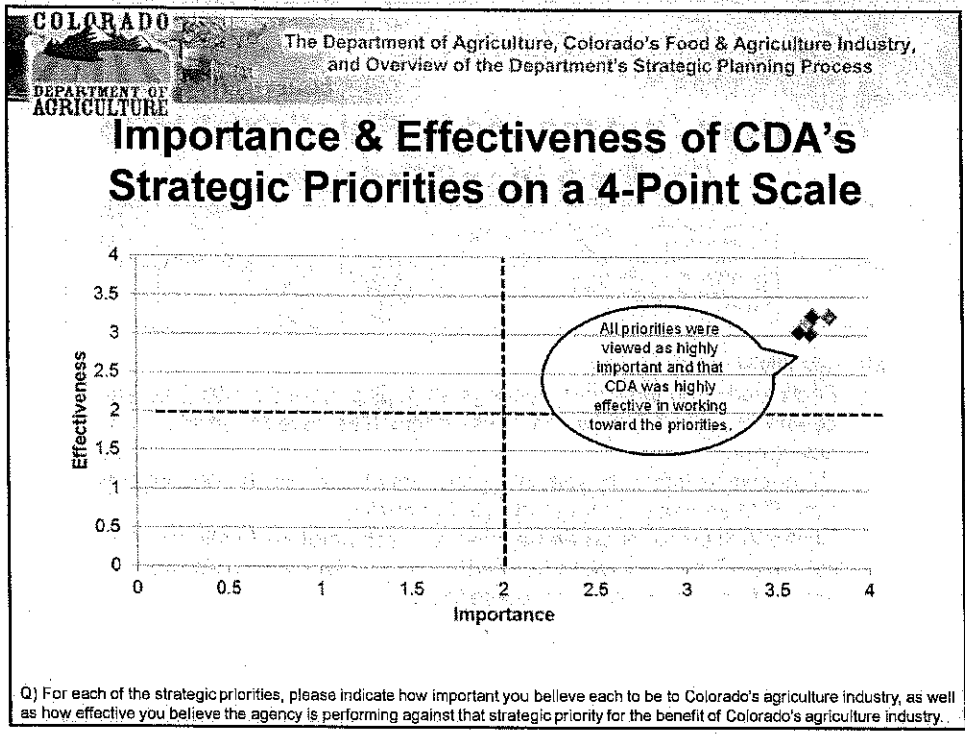
CDA Strategic Priorities -- Importance & Effectiveness Ratings --

	Importance		Effectiveness	
	2011	2010	2011	2010
Develop and expand marketing, trade, new business opportunities and public awareness supporting the growth of CO's agriculture industry	3.68 ¹	3.84	3.03	3.00
Ensure that CO's agricultural producers and consumers are protected in the marketplace	3.67	3.59	3.18	3.11
Help farmers, ranchers and other landowners manage CO's natural resources effectively for sustained agricultural production and environmental health	3.62	3.67	3.05	2.98
Protect CO's animal and plant industries through the prevention and control of diseases and pests, and the care and health promotion of all animals	3.79	3.81	3.26	3.36
Provide for a safer, more secure food supply and protect CO's agriculture industry and the general public	3.69	3.73	3.34	3.26

1) Difference is statistically significant at the 95% confidence level.

Note: The scale for the rating average is 1 to 4 with 4 being the highest.

Q) Please indicate how important you believe each strategic priority to be to Colorado's agriculture industry, as well as how effective you believe CDA has been in working toward each for the benefit of Colorado's agriculture industry.



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Program Successes in Relationship to Performance Measures

Markets Division	To increase domestic and export marketing opportunities for Colorado's agricultural producers and related industries, as measured by State gross farm income (Income) and Colorado agricultural exports (Exports).	Benchmark	N/A	N/A	Income: \$7.7 billion Exports: \$2.0 billion	Income: \$8.5 billion Exports: \$2.2 billion
		Actual	Income: \$6.9 billion Exports: \$1.7 billion	Income: \$7.0 billion Exports: \$1.8 billion	N/A	N/A

- **Markets Division Successes**
 - Facilitated in-bound buyer meetings, engaging more than 40 Colorado companies. As of October '11, these companies have reported \$1.1M in new sales.
 - Increased promotion of specialty grains has helped push millet exports from \$3M annually to more than \$3M annually.
 - Continue to press for greater access for fresh potatoes to Mexico. An estimated five trucks leave Colorado each day for Mexico, with full access that number could increase to 20.

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Performance Measures Cont.

Animal Industry	To protect and advance the health of Colorado's livestock, with special focus on achieving "disease-free / consistent state status" for brucellosis, tuberculosis, and scrapie.	Benchmark	N/A	N/A	Free or Consistent State Status	Free or Consistent State Status
		Actual	Brucellosis, Tuberculosis Scrapie Free	Brucellosis, Tuberculosis Scrapie Free	N/A	N/A

- No current cases of equine tuberculosis
- Rapid response to Equine Herpes Virus (EHV-1)

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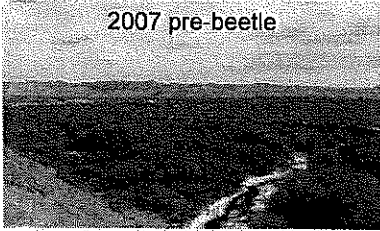
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Performance Measures Cont.


Conservation Services	To protect Colorado's agricultural industry and environment by stopping the establishment and spread of invasive plants and insects, as measured by the percent of all populations of List A species that meet annual elimination standards.	Benchmark	N/A	N/A	90%	100%
		Actual	70%	75%	N/A	N/A

- Successful establishment of the tamarisk defoliating beetle on the west slope. Project is being replicated in the Arkansas River Valley.

2007 pre-beetle



2010 post-beetle



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Plan of Work for the Year Ahead

- Enhance performance measures at the Program and Division Levels
 - Begin working with Committee Liaisons: *Rep. John Becker (JBC)*
 - **House Agriculture, Livestock and Natural Resources**
Rep. Roger Wilson Rep. J. Paul Brown
 - **Senate Agriculture, Natural Resources and Energy**
Sen. Lois Tochtrop Sen. Kevin Grantham
 - Continue to develop and refine program performance measures that tie to strategic priorities
 - develop cross-cutting program measures
- Evaluation of new priorities and/or initiatives
- Develop short, medium, and long range plans centered around strategic priorities and performance outcomes
 - Incorporate plans and performance outcomes into budget requests and decision making
- Continue to engage industry

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For More Information:

John Salazar
Commissioner
Colorado Department of Agriculture
Tel: (303)239-4100
E-mail: john.salazar@ag.state.co.us



Photo courtesy Russell Dohmann

Or visit: www.colorado.gov/ag