

Washington State Department of Agriculture Strategic Plan 2009-2011

Vision

The Washington State Department of Agriculture is recognized as a progressive, innovative, global leader that:

- *Promotes the economic vitality of the agriculture industry,*
- *Safeguards the environment,*
- *Provides world class customer service and consumer protection, and*
- *Embraces change as we advance the future of Washington Agriculture.*

Mission

The Washington State Department of Agriculture serves the people of Washington by supporting the agricultural community and promoting consumer and environmental protection.

WSDA Statutory Authorities:

The Department of Agriculture is created in RCW 43.17.010 and its general powers and duties are established by RCW 43.23, Department of Agriculture. WSDA administers 57 separate chapters of the Revised Code of Washington (RCW) and is responsible for significant activities under an additional 13 statutes.

Statutes administered by the Director of Agriculture (57)

RCW 15.04	Agriculture and Marketing - General Provisions	RCW 15.37	Milk & Milk Products for Animal Food
RCW 15.08	Horticultural Pests and Diseases	RCW 15.51	Brassica Seed Production
RCW 15.13	Horticultural Plants and Facilities - Inspection & Licensing	RCW 15.49	Seeds
RCW 15.14	Planting Stock	RCW 15.53	Commercial Feed
RCW 15.15	Certified Seed Potatoes	RCW 15.54	Fertilizers, Minerals and Limes
RCW 15.17	Standards of Grades and Packs	RCW 15.58	Washington Pesticide Control Act
RCW 15.19	Ginseng	RCW 15.60	Apiaries
RCW 15.30	Controlled Atmosphere Storage of Fruits and Vegetables	RCW 15.61	Ladybugs and other Beneficial Insects
RCW 15.35	Washington State Milk Pooling Act	RCW 15.64	Farm Marketing
RCW 15.36	Milk & Milk Products	RCW 15.65	Washington State Agricultural Commodity Boards

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RCW 15.66	Washington State Agricultural Commodity Commissions		Act
RCW 15.70	Rural Rehabilitation	RCW 17.24	Insect Pests and Plant Diseases
RCW 15.76	Agricultural Fairs, Youth Shows, Exhibitions	RCW 17.26	Control of Spartina and Purple Loosestrife
RCW 15.80	Weighmasters	RCW 17.34	Pest Control Compact
RCW 15.83	Agricultural Marketing and Fair Practices	RCW 19.94	Weights & Measures
RCW 15.85	Aquaculture Marketing	RCW 19.112	Motor Fuel Quality Act
RCW 15.86	Organic Food Products	RCW 20.01	Agricultural Products - Commission Merchants, Dealers, Brokers, Buyers, Agents
RCW 15.105	From the Heart of Washington program	RCW 22.09	Agricultural Commodities
RCW 16.36	Animal Health	RCW 22.16	Warehouses and Elevators - Eminent Domain
RCW 16.38	Livestock Diseases - Diagnostic Service Program	RCW 43.23	Department of Agriculture
RCW 16.49	Custom Slaughtering	RCW 69.04	Intrastate Commerce in Food, Drugs, and Cosmetics
RCW 16.50	Humane Slaughter of Livestock	RCW 69.07	Washington Food Processing Act
RCW 16.57	Identification of Livestock	RCW 69.10	Food Storage Warehouses
RCW 16.58	Identification of Cattle through Licensing of Certified Feed Lots	RCW 69.25	Washington Wholesome Eggs and Egg Products Act
RCW 16.65	Public Livestock Markets	RCW 69.28	Honey
RCW 16.68	Disposal of Dead Animals	RCW 69.36	Washington Caustic Poison Act of 1929
RCW 16.72	Fur Farming	RCW 70.106	Poison Prevention - Labeling and Packaging
RCW 17.10	Noxious Weed Control Boards	RCW 90.64	Dairy Nutrient Management
RCW 17.15	Integrated Pest Management		
RCW 17.21	Washington Pesticide Application		

Statutes with significant responsibilities assigned to the Director of Agriculture (13)

RCW 15.24	Washington apple commission	RCW 15.100	Forest products commission
RCW 15.26	Tree fruit research act	RCW 16.04	Trespass of animals - General
RCW 15.28	Soft tree fruits	RCW 16.24	Stock restricted areas
RCW 15.44	Dairy products commission	RCW 16.67	Washington state beef commission
RCW 15.62	Honey bee commission	RCW 16.70	Control of pet animals infected with diseases communicable to humans
RCW 15.88	Wine commission		
RCW 15.89	Beer commission	RCW 43.325	Energy Freedom

The Origins of the Washington State Department of Agriculture

The Washington State Department of Agriculture traces its history back to the early years of statehood. The first state law related to a program the department administers today was an act passed in 1890 that made the Secretary of State the Sealer of Weights and Measures. The State Board of Horticulture was created in 1891 and the Washington State Fair was organized in 1893. In 1895, the first state veterinarian and state dairy commissioner positions were created and the Bureau of Statistics, Agriculture and Irrigation was established. The Hay and Grain Inspection Program was established in 1896.

The Department of Agriculture was created in 1913 when the Legislature consolidated eight

areas of responsibilities. The new department was charged with all the powers and duties formerly vested in the State Veterinarian, Dairy and Food Commissioner, Commissioner of Horticulture, State Oil Inspector, Bakery Inspector and State Fair Commission and took over the duties of licensing and registering "jacks and stallions" from the Washington State College and the duties related to feed and fertilizer from the Washington Agricultural Experiment Station. When officially established, the department had 34 employees, including 11 in the horticulture program. The department's first biennial appropriation was \$195,400.

WSDA Mission and Goals

WSDA Mission Statement

The Washington State Department of Agriculture (WSDA) serves the people of Washington by supporting the agricultural community and promoting consumer and environmental protection.

WSDA Goals

WSDA carries out a broad spectrum of activities that benefit the producers, distributors, and consumers of food and agricultural products. The department's statutory authorities define the scope of the activities and programs carried out by the department in support of its mission. Each of these many activities and programs support one or more of the department's four prioritized goals.

1. Protect and reduce the risk to public health by assuring the safety of the state's food supply.
2. Ensure the safe and legal distribution, use, and disposal of pesticides and fertilizers in Washington State.
3. Protect Washington State's natural resources, agriculture industry, and the public from selected plant and animal pests and diseases.
4. Facilitate the movement of Washington agricultural products in domestic and international markets.

Our success at achieving the first three goals is essential to achieving the fourth goal.

Statewide Results Areas:

Ten statewide results – results that citizens expect most from government – serve as the state's strategic framework. All of the Department of Agriculture's activities contribute to the statewide result “***Improve the economic vitality of businesses and individuals.***” Many department activities also contribute to three other statewide results areas:

- Improve the health of Washington citizens;
- Improve the safety of people and property, and;
- Improve the quality of Washington's natural resources.

WSDA Goals, Strategies, Activities and Major Objectives

Goal #1: Protect and reduce the risk to public health by assuring the safety of the state's food supply.

Strategy: Monitor, inspect, test, and provide technical assistance to Washington State's food processing and storage industry.

Activities:

Food Safety – Regulates, licenses and inspects the dairy industry, the egg industry, and the food processing and storage industry. Examines facilities for product adulteration, cleanliness, evidence of rodent infestation, potential for cross contamination with chemicals and toxic materials, appropriate holding temperatures, and sanitary preparation techniques.

Microbiology Laboratory – Supports the Food Safety program by testing food and dairy products.

Major Objective:

- 1) 95 percent of licensed dairy farms, milk processors, egg handlers and food processing firms are in compliance with public health and sanitation standards.

Outcome Measure: Percent of licensed dairy farms, milk processors, egg handlers and food processing firms with a Sustained Compliance Rating score of 90 or more with no GMP (Good Manufacturing Process) critical violations each year.

Goal #2: Ensure the safe and legal distribution, use, and disposal of pesticides, and fertilizers in Washington State.

Strategy: Regulate, educate and provide technical assistance to distributors and users on the appropriate distribution and use of pesticides, and fertilizers.

Activities:

Pesticide Regulation – Regulates the sale and use of all pesticides in Washington. Investigates complaints of misuse; conducts field inspections of manufacturers and applicators; registers pesticides for use in the state; evaluates pesticide impacts to endangered species and groundwater. Licenses and administers a continuing education program for more than 25,000 pesticide applicators, dealers and consultants. Trains Spanish-speaking farm workers on safe pesticide use. Disposes of canceled, suspended or unusable pesticides.

Fertilizer Regulation – Regulates the distribution and use of fertilizers in the state. Tests for plant nutrient guarantees and state heavy metals standards. Regulates application of fertilizer through irrigation systems to prevent ground water and surface water contamination.

Livestock Nutrient Management – Inspects the state’s dairy farms and concentrated animal feeding operations operating under permits and takes action to ensure they comply with state and federal water quality laws.

Chemistry Laboratory – Supports several agency programs by analyzing samples taken in investigations of alleged pesticide misuse, monitoring for pesticide residues in foods, and analyzing feed and fertilizer samples.

Major Objectives:

- 1) (A021) Complete 100 percent of pesticide case investigations, including enforcement actions, within 160 days.

Output Measure: Percent of pesticide case investigations, including appropriate enforcement actions, completed within 160 days.

- 2) 90 percent of licensed dairy farms and permitted concentrated animal feeding operations (CAFOs) are in compliance with their nutrient management plans.

Outcome Measure: Percent of licensed dairy farms and permitted concentrated animal feeding operations (CAFOs) in compliance with their nutrient management plans based on field inspections.

- 3) 100 percent of registered fertilizers meet Washington metals standards.

Outcome Measure: Percent of registered fertilizers sampled that meet the Washington metals standards.

Goal #3: Protect Washington State's natural resources, agriculture industry, and the public from selected plant and animal pests and diseases.

Strategy: Inspect, detect, control and/or eradicate selected animal and plant diseases and other pests (weeds and insects).

Activities:

Plant Protection – Prevents the establishment of high-risk insects, plant diseases and weeds through surveys, inspections, and agricultural quarantines.

Animal Health – Protects animals and the public from communicable animal diseases. Regulates and monitors the movement of animals across state lines. Responds to animal disease outbreaks and emergencies.

Microbiology Laboratory – Supports the Animal Health program by testing animal blood and tissue for disease; performs diagnostic and export testing for private veterinarians.

Major Objectives:

1) Preserve the state's disease-free classifications in the national animal disease eradication programs.

Outcome Measure: Standards of federally designated disease-free classifications in the national animal disease eradication programs are maintained.

2) Reduce the number of acres of solid Spartina to 200 acres by June 2010.

Outcome Measure: Number of acres of solid Spartina in Washington State.

Goal #4: Facilitate the movement of Washington agricultural products in domestic and international markets.

Strategy: Inspect, test, and certify agricultural commodities to facilitate movement and sales and assist growers and agri-businesses to enter new markets.

Activities:

Fruit and Vegetable Inspection – Provides inspection services to the fresh produce and processing industry to ensure orderly marketing of fruits and vegetables in domestic and international markets.

Grain Inspection – Provides inspection, analytical and weighing services to ensure orderly commerce for grain, dry peas, dry beans, lentils, rapeseed, and similar commodities sold in or from Washington.

Seed Inspection/Certification – Conducts pre-harvest field inspections and laboratory testing of agricultural, vegetable and flower seeds grown under the seed certification program. Tests submitted seed samples for compliance with standards and certification for domestic and international marketing.

Hop Inspection – Performs physical grading and chemical analysis of the Washington hop crop to ensure orderly international and domestic marketing.

Nursery Inspection – Inspects nurseries to ensure consumers and the nursery industry are provided healthy, pest-free and disease-free plant materials; enforces agricultural quarantines to prevent pest introduction; provides inspection services to certify plant materials are free from disease and insects as required by domestic and international markets.

Planting Stock Certification – Provides testing and inspection services to assure disease-free planting stock for the tree fruit, potato, hop, grape, mint, garlic, caneberry, and strawberry industries.

Organic Food Certification – Ensures that all food products making organic claims meet organic standards by inspecting, certifying and assisting organic producers, processors, and handlers.

Feed Regulation – Regulates the distribution of animal feeds to assure product identity and quality and proper labeling; inspects feed mills for compliance with current good manufacturing practices.

Livestock Brand Inspection – Maintains the official recordings of livestock brands and inspects cattle and horses for brands or other proof of ownership at public livestock markets, certified feed lots, and slaughter plants; prior to moving out of state; and at any change of cattle ownership. Licenses and bonds public livestock markets; licenses and audits certified feed lots.

Commission Merchants – Licenses and regulates persons involved in buying and selling agricultural products; investigates producer complaints against commission merchants.

Grain Warehouse Audit – Protects grain producers from undue losses by licensing and auditing warehouses and dealers.

Weights and Measures Inspection – Regulates the use and accuracy of all commercial weighing, measuring and counting devices in the state. Provides calibration services to

businesses, laboratories, and government entities; licenses weighmasters; tests motor fuel quality; investigates consumer complaints in commercial transactions.

International Marketing – Assists food and agriculture companies to sell their products internationally; works to fight trade barriers that prevent or limit overseas market access for Washington's products.

Small Farm and Direct Marketing – Works to improve the viability of the state's small farms by reducing market barriers and developing or enhancing direct marketing opportunities for farmers.

Agricultural Promotion and Protection – Provides funding for coordinating the state's bioenergy initiative; for the "From the Heart of Washington" program and other targeted activities that support the agriculture industry.

Agricultural Fairs – Provides approximately \$2 million annually in financial assistance to agricultural fairs and youth shows.

Commodity Commissions – Administers agency responsibilities related to the state's 24 agricultural commodity commissions.

Major Objectives:

1) Timely, accurate inspection and certification of agricultural commodities.

Outcome Measure: Percent of fruit and vegetable original shipping point inspections upheld at the markets (Target = 98 percent).

Outcome Measure: Percent of review inspections that validate original grain inspection accuracy (Target = 100 percent).

Output Measure: Percent of rush purity seed testing samples completed within three working days (Target = 95 percent).

2) Assist Washington State export-ready companies to generate \$50 million in FY 09 and \$55 million in FY 10 in export sales of agricultural and food products.

Outcome Measure: Reported dollar sales of exported food and agricultural products assisted by WSDA's International Marketing program (includes sales assisted by WSDA staff and contract trade representatives).

3) Increase frequency of inspection of weighing and measuring devices to once every 28 months by June 2010.

Output Measure: Percent of registered devices inspected in the last 28 months.

Appraisal of External Environment

Washington is an exceptional agricultural state with a unique combination of climates, soils and irrigation that supports an extremely diverse industry. The food and agriculture industry is the core of most rural economies and accounts for 12 percent of the state economy. The industry is experiencing significant changes driven by a number of external factors. These changes in the agricultural economy and in public expectations related to food and agriculture have a direct impact on the Department's activities.

Economic Factors

The value of production from state's 33,000 farms in 2006 was \$6.7 billion, ranking Washington ninth in the nation. Washington is highly dependent on international trade and ranks third among the 50 states in exports of food and agriculture products. About one-third of Washington's agricultural commodities are exported, with about 75 percent of these exports going to Asia. Food processing, the state's second largest manufacturing industry, is a \$12 billion industry and employs 40,000 people.

While Washington's economy remains relatively strong, the overall U.S. economy is likely to remain slow with potential inflation problems over the next biennium. Although some predict moderation in energy prices, petroleum is likely to be expensive and have broad economic impacts while the U.S. dollar is expected to remain weak. Increased wealth and consumer demand overseas, especially from China and India, has already led to strong increases in Washington agriculture exports.

Though market demand is strong, several key economic factors are putting pressure on the state's food and agriculture industry.

High Production Costs: The cost of fuel, fertilizer, labor and other inputs is limiting profitability despite record prices for many products. For example, fuel, fertilizer and other fossil fuel-based products make up about two-thirds of the cost of production for wheat. Between 2006 and 2008, the cost of diesel increased 142 percent, nitrogen fertilizer by 93 percent, while other inputs have more than doubled. During this same time, wheat prices increased 113 percent, only slightly exceeding costs.

Globalization: New shipping, storage and information technologies, reduced trade barriers, and low transportation costs have allowed products to be obtained from anywhere in the world. As a result, our farmers and food processors face foreign competition in both U.S. and export markets. Today's higher transportations costs and weak dollar are discouraging imports and favoring exports, which ultimately benefits Washington's food and agriculture industry.

Domestic Competitiveness: Rising business costs are challenging the ability of growers and

processors to be competitive in this changing market, especially when costs in Washington rise more rapidly than other states and growing regions. Some of these costs include:

Labor: The industry as a whole, and especially the fruit industry, depends on abundant, seasonal workers. Increased labor costs in the region without commensurate increases in productivity are affecting competitiveness while immigration policies are limiting the supply of workers and increasing overall labor costs. Mechanization efforts reduce labor costs but increase the need for higher skilled, higher paid workers.

Transportation: Of the major food-producing states, Washington is the most geographically isolated and most vulnerable to higher transportation costs. Our companies must ship products more than 1,800 miles to reach the 200 million consumers east of the Mississippi. Trucks are becoming less available and more expensive due to higher fuel costs. Rail is the most cost-effective transportation mode for long hauls but the limited rail infrastructure, competition from other shippers, loss of short line railroads and declining service by the Class 1 railroads continues to impact the affordability and availability of this option.

Water: Irrigation supports 80 percent of the state's farm production. The cost of water is increasing, while the availability of water is decreasing due to competition with other uses. Ensuring an adequate, reliable water supply for the food and agriculture industry will likely become an even bigger issue as weather patterns change. The need for more efficient water use by all users and off-stream storage capacity only increases.

Regulations: Washington's producers and processors are subject to the same regulations and reporting requirements of any business as well as the regulatory requirements specific to the industry. Washington has several unique environmental concerns and labor-related requirements that place additional costs and burdens on farmers that their competitors do not experience. The cumulative effect of these requirements creates a cost that affects the profitability of the industry, especially small producers and processors, which have more limited resources for dealing with these requirements.

The result of these economic realities is that profitability remains low despite increased productivity and record prices. Consolidation has largely divided the industry into large farms and processors that supply the large retailers, and small farms and processors that supply niche and direct markets.

Other Significant Factors

On top of the long-term economic factors, several national issues and consumer expectations are having a significant impact on the state's food and agriculture industry and WSDA's external environment.

Climate Change: Climate change is already affecting Washington's agricultural production. Warmer winters are reducing snow pack and causing early snowmelt, making less water

available for irrigation. Greater climate variability, increased flood and drought risks, and other damaging weather events are predicted. Climate change also increases the risk of the introduction or proliferation of new invasive weeds and damaging insects, as well as diseases and other pests. Climate change is also affecting global food production impacting exports and food prices worldwide.

Food Security: There is heightened concern over food safety as the public reacts to outbreaks of food-borne illnesses and the possibility of food animal diseases, such as avian influenza, bovine tuberculosis, mad cow disease and foot and mouth disease. The potential for illnesses and disease to spread continues to grow due to the globalization of the food industry and increased international trade and travel. Public and industry expectations of government's ability to guard against or quickly address any threat to public health or the economy are high.

Farmland loss: Washington continues to lose significant amounts of productive farmland, especially in western Washington, as population growth increases the competition for land for housing and associated retail, commercial, industrial, and leisure industries. This loss of farmland and the infrastructure and community necessary to support the food and agriculture industry threatens the industry's long-term survival.

Loss of honeybees: Throughout the country, honeybees have been disappearing inexplicably at an alarming rate, raising concerns about the capability of the commercial bee industry to meet the growing demand for bees to pollinate many of our important crops, include fruits, berries and seed crops. Disease, parasites and 'colony collapse disorder,' are being blamed and research is underway to look at hive health. A loss of these pollinators could jeopardize the state's farm economy.

Changing federal funding for agriculture: To remain competitive, the food and agriculture industry needs to innovate by improving production practices, developing new crops and new products, and reducing costs and environmental effects. Federal funding for programs to support research and other efforts has been cut or restricted. The just-passed federal Farm Bill will provide new resources for nutrition programs and specialty crops, but its full impact is unknown.

Consumer preferences: A growing segment of the consumer market is made up of people who want to be able to choose how and where the food they eat is produced. There is increasing demand for organic and locally grown, high-quality fresh and processed foods.

Impacts on WSDA

These trends and issues in the external environment are affecting WSDA as it works to ensure the safety and integrity of food and agricultural products through its regulatory responsibilities and to provide needed, cost-effective services to assist the marketing of these products and the overall viability of the industry.

Inspection Services Demands: To increase competitiveness, shippers are demanding more and

different inspections and certification, with faster turnaround times. WSDA's inspection programs are working to develop and deploy improved systems to meet buyer and government requirements for certifications, other documentation and assurances delivered in a timely and efficient manner.

Market Assistance Demands: Farms and companies are seeking to find new opportunities and reduce dependence on single markets. Even large companies are looking at local and institutional markets while others seek greater export opportunities. There are increased demands on our International Marketing and Small Farm & Direct Marketing programs to provide marketing assistance, promote awareness of the industry and its importance, and encourage purchase of locally produced foods.

Food Processing Assistance: Many farmers, seeking to maximize their profits and secure markets, are processing their crops into finished retail products. Other individuals also see economic opportunities in processed food products and the organic food market. This has meant increased demand for our Food Safety, Organic Food and Small Farm & Direct Marketing programs for technical assistance, inspections and licensing. The number of applications received for new food processing licenses and organic certifications has grown dramatically. Most of the new applicants are small businesses that require greater technical assistance.

Surveillance/Response Demands: People, animals and products are moving faster and farther than ever before. This has increased the risk and need to prepare for possible animal disease incidents and invasive species introductions. WSDA is being called on to step up its surveillance efforts and response capability for these and any other events that may impact the food supply, the environment and the agriculture industry.

State Financial Assistance: As federal funds decline, industries are turning to the state to help fund research and marketing efforts. Industry has also asked the Legislature to designate WSDA as the administrator of state-funded special projects that support agriculture. This has led to WSDA serving in a new role in overseeing specified grants and other targeted financial assistance programs.

WSDA has a key role in several statewide efforts to address major cross-agency issues affecting the food and agriculture industry.

- WSDA is a member of the state's new Invasive Species Council that has prepared a 20-year plan to serve as a roadmap to a strategic and unified approach to the prevention and control of invasive species.
- As a partner in the state's bioenergy initiative, WSDA continues to play a lead role in supporting new bioenergy opportunities and reducing energy costs for Washington's farmers. This includes outreach and education, support of emerging bioenergy opportunities, including oilseed crushers and anaerobic digesters, and implementing the state's new minimum renewable fuel standards and biofuels quality assurance program.
- WSDA is a lead agency tasked with identifying changes in agricultural practices that would reduce greenhouse gas emissions and provide increased carbon sequestration.

- WSDA is working with other agencies, farm organizations and others to prepare for and respond to recurring natural disasters such as floods, storms and drought that affect the industry.
- As a member of the new Office of Farmland Preservation Task Force, WSDA is involved in identifying factors likely to affect the retention and viability of agricultural land in the future, develop tools for retaining agricultural land for agricultural production, and develop a program to help the current generation of farmer's transition to the next.
- As a component of the Governor's Working Lands Initiative, WSDA, in consultation with the industry, is preparing a long-term strategic plan for the agriculture industry that it will present to the Governor and the Legislature at the end of this year.

The complexity and interconnectivity of our economic, social and government systems continue to increase. More and more, WSDA is called upon to be at the policy table on an ever-broadening array of issues ranging from bioenergy to land use, trade barriers to transportation, climate change to water quality. In each arena, WSDA faces the challenge of encouraging and forwarding the development of sustainable, competitive systems for producing, processing and distributing food and agricultural products in Washington.

Internal Capacity and Financial Health Assessment

Overview

The Department of Agriculture's budget provides for 752 FTEs (full-time equivalent employees). The department employs approximately 900 individuals in the course of the year, with roughly 600 employees who work year-round and approximately 300 employees who work seasonally, primarily as fruit and vegetable inspectors and insect trappers. Offices and employees are located throughout the state.

The agency's current 2007-09 biennial operating budget is \$131 million, with 22 percent of its funding from the State General Fund. Most of the agency's budget (59 percent) is provided by licensing, registration and inspection/service fees. The remaining 19 percent is provided by federal funding (9 percent) and other state designated or appropriated funding (10 percent).

Internal Capacity Assessment

The Department of Agriculture continues to face a number of capacity challenges as it heads into the 2009-11 biennium.

Internal Administrative Capacity:

The Department of Agriculture has historically held its administrative or overhead costs to as low a level as possible. While this gave WSDA a reputation for being "lean" and "efficient," it had gotten to the point that the agency was unable to provide the administrative support necessary to maintain the agency's requirements.

In addition to the department's limited administrative capacity, other factors that were affecting administrative support were several statewide initiatives that resulted in new ongoing workloads. This includes performance audits, Governor Gregoire's Government Management Accountability and Performance (GMAP) reviews, a requirement to obtain an independent assessment of the agency's quality management accountability and performance system at least every three years, new requirements around risk management assessments and plans, more information around facility leasing, the new HRMS computer system, new requirements for sustainability and fleet management plans, and a general requirement for more data. While statewide initiatives result in better government and more accountability, such initiatives also bring with them new mandates and workloads. And since WSDA was already lean, new initiatives put other core administrative functions at risk.

In 2006, WSDA hired an independent private consulting firm to do an assessment of WSDA's administrative and functional capacity. Included in the assessment were those items generally defined as centralized administrative functions, including budget, fiscal and payroll activities, office services, public disclosure and records management, administrative rule-making and adjudicative proceedings, human resources/personnel, and information technology. The consultants confirmed what WSDA had long suspected. Administrative operations were seriously under resourced. Only 5 percent of the agency's total FTE's were performing

administrative functions. And the onslaught of new initiatives resulted in WSDA becoming dangerously close to being unable to meet its mandated responsibilities.

The consultant recommended a three phase approach to getting the agency back on its feet. The first phase included establishing core positions and expertise in Administration that did not currently exist, including an Assistant Director for Administrative Services, a Risk Manager, an Internal Controls Officer and a GMAP and Strategic Planning Coordinator. Most of the first phase is accomplished.

The second phase includes increasing capacity in Administration to meet standards in administrative functions that currently are below standards, including financial management, human resources, safety, facilities management and procurement. Currently, WSDA is significantly below the benchmark in these areas. There are also IT deficiencies that need to be addressed. WSDA will be preparing a budget package for the 2009-11 biennial budget to address the second phase of the report.

The final phase of the recommendations include such things as constructing and supporting a single timekeeping system for the agency and continuing to increase capacity in Administration to meet standards in administrative functions that are only partially being met.

Staffing and Organizational Capacity:

The most pressing workforce-related issue facing the agency is workforce planning. More than 50 percent of state employees are age 45 or older. In WSDA, approximately 64 percent are age 45 or older. As is the case with many agencies, WSDA is experiencing and will continue to experience the retirement of employees in key positions who have years of institutional knowledge. At the same time, Washington State government has to successfully compete with other employers for quality employees. Civil service restrictions pose certain limitations that must be surmounted to recruit and retain a productive and competent workforce. The addition of much needed positions in Human Resources will be a resource for us to begin implementing creative strategies to help ensure necessary staffing levels and competencies are in place to carry out our mission.

In order to ensure that staff have the tools that they need to be successful, Human Resources (HR) will also be working with management and staff throughout the agency to ensure that we have a comprehensive list of mandatory trainings and that staff are receiving those trainings in a timely fashion.

Information Technology:

Business demands and other drivers are requiring more technology solutions be implemented at the department. WSDA is positioning itself to maintain existing services, meet upcoming agency needs, and build capacity for statewide initiatives (i.e., Business Portal, OFM Roadmap, GMAP, and HRMS).

The department is continuing to move toward an enterprise-wide view of information technology. We have identified all elements comprising our core network infrastructure and

established a five year replacement schedule for all servers and appliances. Beginning in late 2008 the department will attempt to implement a PC refresh program where we will lease our PC fleet on a four year rotation cycle. Additionally, we are hoping to enter into an Enterprise Agreement with Microsoft for the way we purchase and maintain our Microsoft Office productivity software. This will allow all staff to be on a common computing platform. We believe this modernization will allow the agency to direct its IT resources to more strategic efforts that will benefit the agency.

The Food Safety and Animal Services Divisions have partnered to combine resources toward a unified database that will automate the entire business functions of both divisions. The database is actually a Commercial off the Shelf (COTS) application configured by the vendor that will serve the users as a Software as a Service (SaaS) application. The database is Internet based and allows authorized staff access to the data from any place they can access the Internet. The system will reduce the need for additional data entry, will facilitate data retrieval and provide robust analytical capabilities. In addition to eliminating 37 independent data housing within those two divisions, this application will also provide for a centralized customer environment whereby a customer will exist in only one place regardless of who they do business with within either of those two divisions. This application is scalable and we anticipate other programs within the WSDA utilizing this application in the future.

Over the next two to five years, we will continue to refine our approach to IT standardization and define to what extent we can standardize various IT operations to consolidate or eliminate redundant hardware, applications, operating systems, and IT practices.

The recent implementation of HRMS has created an increased level of work throughout the agency and specifically in the Human Resource (HR) and Payroll sections. HR and Payroll staff have made the transition to HRMS quite well; however, the increased workload (primarily time and attendance data input) will be an ongoing workload driver. We are working internally, and with other agencies, to explore options for an employee time tracking system that would best serve the agency's new requirements to support HRMS.

Facilities and Office Space:

The department is headquartered in the Natural Resources Building on the Capitol Campus in Olympia and occupies the majority of the second floor. Due to growth in agency administration, the Agricultural Promotion and Protection program, the Animal Health Division, and the Organic Food program, we have now reached the point where there is no capacity for additional staff on the second floor. While the agency is looking into efficiency efforts such as document imaging to reduce the need for file cabinets and free up valuable floor space, we do not know to what extent this effort might increase the footprint for additional workstations. The agency may need to procure additional space elsewhere in the building or in another facility.

Another facilities issue the agency faces is with its Microbiology Laboratory, which is housed in a leased facility in Olympia. The building, constructed in the 1970s, was originally designed as a manufacturing facility. In 1993, the department moved the laboratory to the facility and

assumed the necessary tenant improvement costs. Included in these costs were some modifications to the building's HVAC system. We made some repairs and modifications that seemed to resolve the problem for the short-term. While we have made further HVAC modifications over the past several years, the overall age and condition of the system likely necessitates more significant repairs. We are assessing a range of options, including a complete upgrade, to better accommodate the specialized needs of a laboratory facility. Included in the assessment is a discussion as to whether it is cost effective to invest in a significant upgrade or perhaps consider another facility.

Financial Health Assessment

Just over half of the agency's operating budget (59 percent) is provided by licensing, registration and inspection/service fees that are deposited in non-appropriated special revenue funds. These "local funds" are managed by the agency. Of the agency's 26 activities, 15 receive all or most of their funding through local funds; only six agency activities do not receive any significant local fund dollars. Each agency activity has its own budget. For those with local funds, revenues, expenditures and fund balances are recorded and tracked at the activity level.

The agency's largest programs are fee-for-service programs. In these programs, including Fruit & Vegetable Inspection, Grain Inspection and Seed Inspection among others, revenue and expenditure levels are a function of inspection activity. As inspection activity increases, revenue generated from the fees also increases. Likewise, as inspection activity decreases, revenue and expenditures decrease.

At this time, revenues for fee-supported activities are expected to continue at a level sufficient to cover estimated expenditures. However, given the nature of the agriculture industry, revenues can vary significantly based on markets and on nature. Other significant financial factors include rising costs for energy-related expenditures and employee health benefits and salaries. In fee-supported programs, these costs are shouldered by the fee payer. These financial realities put added pressure on programs that may necessitate fee increases on an industry that in many areas is financially strapped.

Federal Funding:

Federal revenue estimates are based on 2007-09 estimates. The agreements between the department and various federal agencies are renegotiated each year and are subject to the availability of federal appropriations.

WSDA depends on federal funding to achieve results in a number of key activities. With the current federal budget squeeze and many federal agencies facing reductions, we are concerned about the possibility of reductions in our federal grants and cooperative agreements. For example, in the Plant Protection activity, the gypsy moth survey and eradication program depends on funding from USDA to carry out these activities. Should the agency experience a significant reduction in federal funding, we may need additional General Fund-State dollars to maintain essential activities to achieve key results.

As the agency pursues federal funding to expand targeted activities, the funding often requires a

state match. New federal funding with a state match requirement often places the agency in the position of either turning down the federal funding due to our inability to meet the state match requirements or possibly redirecting base appropriation amounts, often to the detriment of other agency activities, to the new activity in order to meet the state match requirements.