

Agriculture, Department of

Project Funding Summary
(\$ in Thousands)

Project Title	Agency Priority	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
			2014	2016	2018	2014	2016	2018
Agriculture Lab Sample Storage Rooms	1	GO	\$203	\$0	\$0	\$203	\$0	\$0
Project Total			\$203	\$0	\$0	\$203	\$0	\$0
General Obligation Bonding (GO)			\$203	\$0	\$0	\$203	\$0	\$0

Funding Sources:	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

Mission

Our mission is to enhance Minnesotans' quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy.

Statewide Outcome(s)

Agriculture supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans are healthy.

People in Minnesota are safe.

A clean, healthy environment with sustainable uses of natural resources.

Efficient and accountable government services.

Context

The Minnesota Department of Agriculture (MDA) provides a long list of services to Minnesota farmers and consumers. Among its many efforts, the department:

- Inspects the entire chain of food production in Minnesota,
- Ensures that state and federal regulations for food and health safety are followed,
- Educates producers, suppliers, and consumers on proper production and handling of food products,
- Educates Minnesotans about environmental hazards to keep our farms, homes, businesses and neighbors safe,
- Promotes the consumption of Minnesota-grown foods, and
- Supports the export of Minnesota Crops and Livestock.

Agriculture is a major contributor to the economic health of Minnesota, with farm-level production and agricultural processing having a total output impact greater than \$74 billion and a total employment impact of more than 342,000

jobs. Changes in consumer habits and tastes, a more urban population, new and increasingly competitive and global markets, transportation and communication innovations, and evolving environmental and energy policy, among other factors, offer challenges and opportunities.

The key trends affecting agriculture are consumer expectations for a safe food supply, increased focus on a healthy environment, growth opportunities in local and organic foods, the growth in international markets and the emergence of new biofuels. Together, these trends have created more diversity in farm business models used in the state. For example, while the vast majority of Minnesota's agricultural production and economic impact still comes from "traditional" crop and livestock farms, there is a steadily growing number of farms catering to consumers' increasing interest for local food and for greater interaction with those who provide their food.

The agency budget comes from three primary sources. First, the state's general fund provides roughly 40 percent of the agency budget. About one third of this general fund budget is passed through in Agriculture Growth, Research and Innovation (AGRI) and other assistance grant programs. Second, dedicated funds spent by the agency come from fee revenue which are dedicated to and used for the activities for which they were collected. The third funding source is federal funds, which provide roughly ten percent of the agency's budget. Recently, federal funding has diminished for some MDA programs. The largest budget increase in recent years has been from the addition of Clean Water "legacy" funds.

Strategies:

The agency uses a range of regulatory and voluntary strategies to support its mission. This includes the use of registration, labeling, licensing, permitting, inspection and enforcement efforts. Additionally, the agency coordinates and conducts outreach activities such as workshops, conferences, and field demonstration projects.

Agency staff conduct inspections and verify samples to ensure that producers, processors, wholesalers, salvers, haulers, grocery and convenience store and other industry personnel are producing and handling dairy, food, meat and feed products in a safe manner to prevent product adulteration and contamination.

The agency ensures that Minnesota plant commodities meet the specified import requirements of our trading partners, specific grades established in business contracts, viability and purity standards of seeds, general health standards for nursery stock, established standards of freedom from harmful plant pests.

The agency marketing and promotional initiatives offer producers technical and financial assistance for production and siting issues, dairy development, grazing, and business planning, on-farm demonstration and technical assistance for emerging water quality and conservation practices.

Agency staff facilitates access to markets through the Minnesota Grown Directory, International Trade market research and client support for trade missions and export assistance. In addition, the agency supports the organic industry through education, direct financial support, and skill development.

Measuring Success:

The agency will monitor the following data to determine progress or measures of success:

- Annual pounds of waste pesticide collected and properly disposed.
- Export Certificates issued in one to three business days
- Traps placed for Emerald Ash Borer
- National Laboratory Services accreditations achieved
- Inspection rate of high-risk food processing facilities
- Return on investment for trade and reverse trade missions

At A Glance: Agency Long-Range Strategic Goals

- To maintain the safety of the state's food supply.
- To protect and develop the state's agricultural resources, including the soil and water.
- To be ready to assist with emergencies involving the agricultural sector.

Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs

Agriculture is a major contributor to the economic health of Minnesota, with farm-level production and agricultural processing having a total output impact greater than \$74 billion and a total employment impact of more than 342,000 jobs. Minnesota agriculture is dynamic and diverse. With the state's farm economy subject to international market forces, changing patterns of commerce, the influx of diseases and exotic pests, and the threat of accidental or intentional contamination of our food supply, the Minnesota Department of Agriculture (MDA) must frequently review and update the services it provides. These factors require MDA programs to be flexible and responsive to stakeholders' needs. Protection is one of MDA's core functions, and MDA's protection programs span the range of activities from the farm to your family.

Some significant issues at hand include:

Maintaining Food Safety

- As markets become more global, the risks of infectious diseases crossing borders and causing large-scale damage also increases. At the same time, the heightened awareness of the potential for agro-terrorism means more attention is being paid to the safety of the state's food supply. All agricultural activities may be affected, ranging from the production of inputs through production agriculture to processing and final consumption of agricultural products. The state needs to be able to analyze potential threats as they arise.

Plant Pests and Diseases

- Exotic and introduced plant pests and diseases are serious threats that affect both Minnesota agriculture and Minnesota's environment. These pests reduce yields, increase production costs, affect natural environments and threaten native or desirable plant and tree species. The Minnesota Department of Agriculture is responsible for managing or minimizing the impacts of established invasive or exotic plant pest species in the state, and keeping out invasive species that would be new to the state. Urban forests across the state are threatened by the encroachment of highly destructive plant pests from neighboring states, such as Emerald Ash Borers, Gypsy Moths and Brown Marmorated Stinkbugs.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

In the fall of 2005, the MDA moved into new office and laboratory facilities. These facilities are shared with the Department of Health (MDH) and provide excellent opportunities for the two agencies to improve their productivity and to work collaboratively on areas of mutual concern. Since moving into the new buildings, some areas for improvement have been identified.

Agency Process Used to Arrive at These Capital Requests

All divisions of MDA were surveyed to assess pressing capital needs and opportunities where capital investment may save future expenditures. Top consideration was given to the protection of the food supply and human health. High consideration was also given to the urgency of addressing potential threats to Minnesota's agricultural activities. Based on these criteria and the specific considerations listed, MDA requests approval of the following project for the 2014 Capital Budget:

Agriculture Lab Sample Storage Rooms.

- This project would reconstruct an area within the Department of Agriculture Laboratory building to be controlled for temperature and humidity in order to assure the quality of the testing of feed samples. The project would correct a design flaw in the original construction of the building. The existing structure allows variability in temperature and humidity, thus precluding testing at certain times.

Major Capital Projects Authorized in Recent Years

Rural Finance Authority loan programs received bonding appropriations in 2009 in the amount of \$35 million, and in 2012, in the amount of \$33 million.

In 2012, a capital bonding appropriation in the amount of \$706,000 was authorized to construct an emergency power supply system for the MDA/MDH Lab Building.

Agriculture Lab Sample Storage Rooms**2014 STATE APPROPRIATION REQUEST:** \$203,000**AGENCY PROJECT PRIORITY:** 1 of 1**Project At A Glance**

This project would reconstruct an area within the Department of Agriculture Laboratory building to be controlled for temperature and humidity in order to assure the quality of the testing of feed samples. The project would correct a design flaw in the original construction of the building. The existing structure allows variability in temperature and humidity, thus precluding testing at certain times.

Project Description

The existing feed storage and grinding rooms in the Laboratory Building would undergo targeted demolition of existing structural and ventilation features. New structural features and air handling equipment would be built in order to make the two rooms a separate area with its own dedicated air handling system. Only by having a distinct facility within the lab building can the integrity of testing activities be preserved.

In order to supply accurate and defensible data to our customers and the regulated community, the lab needs to maintain sample integrity prior to and during preparation. This has been a struggle in the existing facility since the beginning.

Also, to comply with the Federal Food Safety Modernization Act and to meet the changing needs of the international marketplace, the lab intends to seek accreditation at the ISO 17025 level. The standards of this accreditation are issued by the International Organization for Standardization as general requirements for the competence of testing and calibration laboratories. The issue of variability in the temperature and humidity in these rooms jeopardizes the success of these accreditation efforts.

Impact on Agency Operating Budgets (Facilities Notes)

This project has no impact on operating budgets.

Previous Appropriations for this Project

None specific to this project

Other Considerations

None

Project Contact Person

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Governor's Recommendations:

The Governor recommends \$203 thousand dollars in general obligation funding to implement this request.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	10	0	0	10
3. Design Fees	0	10	0	0	10
4. Project Management	0	18	0	0	18
5. Construction Costs	0	165	0	0	165
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	0	203	0	0	203

CAPITAL FUNDING SOURCES	Prior Years	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	203	0	0	203
State Funds Subtotal	0	203	0	0	203
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	203	0	0	203

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2014-15	FY 2016-17	FY 2018-19	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	203	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2019