Executive Cabinet Transition Document - TIER 2

Washington State Department of Agriculture

Expanded Agency Description

Headquarters Location:
2nd Floor, Natural Resources Building
1111 Washington Street S.E.
Olympia, WA 98504-2560

Regional Office Location:
21 North 1st Avenue
Yakima, WA 98902

Web Site: www.agr.wa.gov

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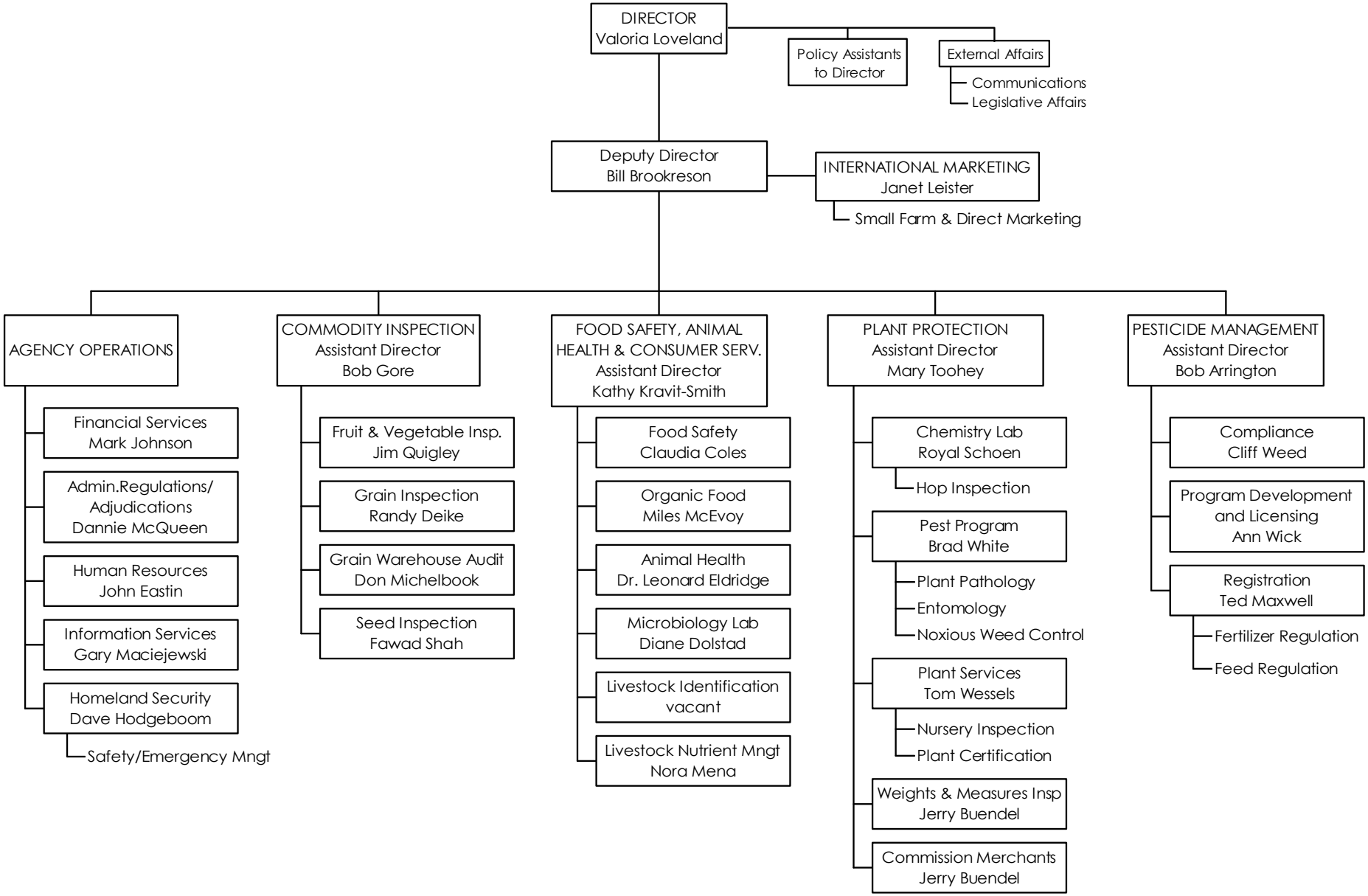
WSDA Mission

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

STATE OF WASHINGTON

DEPARTMENT OF AGRICULTURE

October 2004



Biosketches of Agency Management Team and Director's Immediate Staff

Valoria H. Loveland, Director
Current Duties: Ultimate authority and responsibility for the overall operations of the Department.
Years with WSDA: 2½ (in current position); **Other Experience**: NUVOTEC, Government Relations Director (1yr); WA State Senator (8 yrs); Franklin County Treasurer (10 yrs), Deputy Treasurer (20 yrs); Public Disclosure Commission, Chair (2 yrs)
Education: Columbia Basin College

Andrea L. Brehmeyer, Executive Assistant to the Director
Current Duties: Liaison to staff and public for Director.
Years with WSDA: 2½ (in current position); **Other Experience**: WA State Legislature: Democratic Communications (1½ yrs); Executive Assistant to Senator Loveland (5½ yrs); House Legislative Assistant (1½ yrs); Staff positions in state agencies in Arizona and Washington (6 yrs)
Education: BA Business Administration, Eastern WA University

William E. Brookreson, Deputy Director
Current Duties: Supervise Agency Operations (Fiscal, Personnel, Information Technology, Administrative Procedures), Marketing, Homeland Security, Public Information, and four Assistant Directors.
Years with WSDA: 30; **WSDA Experience**: Deputy Director (5 yrs including Acting Director ½ year); Assistant Director: Agency Operations (4 yrs), Pesticide Management (3 yrs), Plant Services (5 yrs); Grain Inspection program inspector, supervisor, Program Manager (13 yrs)
Education: AA Lower Columbia College; BA Western Washington University; MA University of Illinois

Robert W. Gore, Assistant Director, Commodity Inspection
Current Duties: Administer and direct the provision of services to customers and the regulatory and financial requirements of the Fruit and Vegetable Inspection, Grain Inspection, Warehouse Audit and Seed Inspection programs.
Years with WSDA: 30; **WSDA Experience**: Assistant Director (8 yrs), various positions within the Grain Inspection program, including seven years as Program Manager (22 yrs)
Education: 1 year college

Mary A. Martin Toohey, Assistant Director, Plant Protection
Current Duties: Lead the division that includes the Pest, Plant Services, Weights and Measures, Commission Merchants, and Chemistry and Hop Laboratory programs.
Years with WSDA: 29; WSDA Experience: Assistant Director: Plant Protection (3 yrs), Laboratory Services (9); Assistant to the Director (3 yrs); Various positions within Pesticide program (14 yrs)
Education: MS, Botany and Plant Pathology, Purdue University; BS, Botany, University of Massachusetts

Bob Arrington, Assistant Director, Pesticide Management Division
Current Duties: Management and administration of Pesticide, Fertilizer, and Animal Feed programs.
Years with WSDA: 12; **WSDA Experience**: Weights and Measures Program Manager (5 yrs); Assistant Director, Pesticide Management (7 yrs)
Other Experience: Varied command and staff positions while in military service (30 yrs)
Education: BS Michigan State University; MS Shippensburg University

Kathryn Kravit-Smith, Assistant Director, Food Safety & Animal Health & Consumer Services
Current Duties: Directs division that includes the Food Safety, Animal Health, Microbiology Lab, Organic Food, Livestock Identification, and Livestock Nutrient Management programs.
Years with WSDA: 3 (in current position); **Other Experience**: Director of Operations, Parks and Recreation Commission (8 yrs); Massachusetts Executive Office of Environmental Management (7 yrs); Municipal Parks and Recreation agencies in Maryland, Ohio, and Oregon (15 yrs)
Education: MBA and BS

Lee Faulconer, Policy Assistant to the Director
Current Duties: Provide policy analysis and represent the agency on array of issues. Agency representative on Forest Practices Board, Conservation Commission, and interagency committees.
Years with WSDA: 21; **WSDA experience**: Policy Assistant (8 yrs); Manager, specialist and investigator positions in Pesticide program (13 yrs)
Other Experience: State Research Wildlife Biologist (5 yrs)

Education: BA and MS, Biology, Central Washington University

Linda Crerar, Policy Assistant to the Director
Current Duties: Provide policy analysis and represent the agency on array of issues. Agency representative on Puget Sound Action Team, EFSEC, and interagency committees.
Years with WSDA: 7 (in current position); **Other Experience**: Senior management positions in Dept. of Ecology, Dept. of Licensing and Dept. of Health (15 yrs); Managed private, non-profit mental health and social service agencies and programs (17 yrs)
Education: BA Psychology; MA Applied Behavioral Science

Mary Beth Lang, Assistant to the Director
Current Duties: Oversee agency's legislative activities and stakeholder outreach.
Years with WSDA: 18; **WSDA Experience**: External Affairs Manager (3 yrs); Legislative Affairs Coordinator (6 yrs); Communications Director/Public Information Officer (8 yrs)
Other Experience: Cooperative Extension Specialist (5 yrs); Radio/TV broadcaster (2 yrs)
Education: BS and MS University of Wisconsin

Kate Sandboe, Communications Director
Current duties: Plan, direct and implement public information and communications strategy for the agency.
Years with WSDA: 1 (in current position); **Other experience**: Communications Director/Deputy Staff Director, Senate Democratic Caucus (7 yrs); Public Information Officer, Senate and House Democratic Caucus, (5 yrs); Reporter for Yakima Herald-Republic (11 yrs); Ellensburg Daily Record (4 yrs)
Education: BS Western Washington University

Mark Johnson, Chief Financial Officer
Current Duties: Oversee WSDA's budget, accounting, payroll, purchasing and facility activities.
Years with WSDA: 15; **WSDA Experience**: Chief Financial Officer (12 yrs); Chief Accountant (1 yr); Accountant (2 yrs)
Education: BS Business Administration/Finance, Central Washington University; Certified Government Financial Manager (CGFM) by the Association of Government Accountants

John S. Eastin, SPHR, Human Resource Manager
Current Duties: Manage agency's Human Resources group.
Years with WSDA: 4; **Other Experience**: 18+ years in Human Resources, including senior management positions in pulp & paper, forest products and heavy industrial settings and agriculture.
Education: AA; pursuing Bachelor's degree; certified as a Senior Professional in Human Resources (SPHR)

Gary M. Maciejewski "Mace", Chief Technology Officer
Current Duties: Manage the agency's computing environment and technology resources.
Years with WSDA: 4 (in current position); **Other Experience**: Senior-level management and technology positions in public and private organizations (25+ yrs)
Education: MS, National College Education; BA, State University of New York

Janet Cole Leister, Program Manager, Marketing
Current Duties: Oversee international marketing, economic development and small farm & direct marketing activities.
Years with WSDA: 7 (in current position); **Other Experience**: Economic Development Specialist, State of Hawaii (9 yrs); Hawaii Pacific University, Assistant Dean & Professor (5 yrs); Private business consultant
Education: MBA and MA University of Hawaii; BA George Washington University

David C. Hodgeboom, Interim Homeland Security Program Coordinator
Current Duties: Coordinate agency Homeland Security activities.
Years with WSDA: 3 months; **Other Experience**: Emergency Management, Military Dept (5 yrs); Environmental Protection Specialist, Fort Lewis (8 yrs); US Army (21 yrs)
Education: BS City University

Christine Spaulding, Animal Identification Specialist
Current Duties: Direct development and implementation of National Animal Identification System and related programs in Washington
Years with WSDA: <1 (in current position); **Other Experience**: State project management, business analysis, system development and implementation (25 yrs)
Education: MBA University of Puget Sound; BME Cornell College

Washington State Department of Agriculture

Agency Budget by Division

2003-05 Biennium

WSDA carries out a broad spectrum of activities that benefit the producers, distributors, and consumers of food and agricultural products. The agency's 03-05 biennial budget is $96.5 million, with 19% of its funding from the State General Fund. Almost 60% of the agency's budget is provided by licensing, registration and inspection fees. The agency's budget is organized into six divisions.

Washington State Department of Agriculture
2003-05 Biennium Estimated Expenditures

Division	General Fund State	General Fund Federal	Local Funds	Other Funds	Total	Annual FTEs
Commodity Inspection	-	-	34,829,000	-	34,829,000	326.7
Food Safety, Animal Health, Consumer Services	6,754,000	1,905,000	4,687,000	783,000	14,129,000	102.0
Pesticide Management	705,000	1,200,000	6,197,000	2,632,000	10,734,000	69.1
Plant Protection	4,436,500	4,657,000	6,126,000	2,235,000	17,454,500	107.1
Market Development	4,381,000	1,970,000	10,000	5,537,000	11,898,000	10.7
Agency Operations	2,423,500	372,000	4,262,000	348,000	7,405,500	45.5
Total	**$18,700,000**	**$10,104,000**	**$56,021,000**	**$11,425,000**	**$ 96,450,000**	**661.1**

The **Commodity Inspection Division** is the largest division in both FTEs and budget. The division has 49% of the agency's FTEs and accounts for 36% of the agency's budget. All four programs are self-supporting with funding generated by inspection, certification and license fees. Fruit and Vegetable Inspection is the agency's largest program, providing inspection services to the fresh produce and processing industry through district offices in Yakima and Wenatchee and 10 field offices. Grain Inspection, the agency's second largest program, provides inspection services at the ports of Seattle, Tacoma, Kalama, and Vancouver and at offices in Olympia, Pasco, Spokane, and Colfax.

Commodity Inspection
2003-05 Biennium Estimated Expenditures

Activity	General Fund State	General Fund Federal	Local Funds	Other Funds	Total	Annual FTEs
Fruit & Vegetable Inspection	-	-	21,390,000		21,390,000	206.7
Grain Inspection	-	-	9,601,000		9,601,000	86.0
Grain Warehouse Audit	-	-	486,000		486,000	4.0
Seed Inspection/Certification	-	-	3,352,000		3,352,000	30.0
Total			34,829,000		34,829,000	326.7

The **Food Safety, Animal Health & Consumer Services Division** has a biennial budget of $14.1 million. The division has 102 (15%) of the agency's FTEs and accounts for 15% of the agency's budget. The division receives the largest portion (36%) of the agency's GF-S appropriation, which supports the food safety and animal health programs and their laboratory testing needs. The division has two self-supporting, fee-based programs with other programs funded from a mix of sources.

Food Safety, Animal Health & Consumer Services
2003-05 Biennium Estimated Expenditures

Activity	General Fund State	General Fund Federal	Local Funds	Other Funds	Total	Annual FTEs
Animal Health	1,672,000	305,000	-	-	1,977,000	10.2
Food Safety	3,751,000	450,000	1,677,000	-	5,878,000	43.1
Livestock Identification	-	-	1,560,000	-	1,560,000	19.6
Livestock Nutrient Mgt.	-	-	90,00	783,000	873,000	6.2
Microbiology Laboratory	1,331,000	750,000	60,000	-	2,141,000	12.8
Organic Food Certification	-	400,000	1,300,000	-	1,700,000	10.1
Total	6,754,000	1,905,000	4,687,000	783,000	14,129,000	102.0

The **Pesticide Management Division** has a biennial budget of $10.7 million. The division has 69 (11%) of the agency's 661 FTEs and accounts for 11% of the agency's budget. The division's three programs are primarily funded by licensing and registration fees, with funding also provided through a cooperative agreement with the Environmental Protection Agency and by the state toxic account and the state general fund.

Pesticide Management
2003-05 Biennium Estimated Expenditures

Activity	General Fund State	General Fund Federal	Local Funds	Other Funds	Total	Annual FTEs
Feed Regulation	75,000	-	667,000	-	742,000	7.3
Fertilizer Regulation	-	-	725,000	-	725,000	5.4
Pesticide Regulation	630,000	1,200,000	4,805,000	2,632,000	9,267,000	56.4
Total	705,000	1,200,000	6,197,000	2,632,000	10,734,000	69.1

The **Plant Protection Division** has a biennial budget of $17.5 million. The division has 107 (16%) of the agency's 661 FTEs and accounts for 18% of the agency's budget. The division receives a large portion (24%) of the agency's GF-S appropriation, with much of the Plant Protection program's GF-S budget used to match federal dollars. Four of the division's programs are self-supporting with funding generated by inspection, certification and license fees.

Plant Protection 2003-05 Biennium Estimated Expenditures						
Activity	General Fund State	General Fund Federal	Local Funds	Other Funds	Total	Annual FTEs
Chemistry Laboratory	919,000	1,880,000	378,000	-	3,177,000	12.0
Commission Merchants	-	-	486,000	-	486,000	4.1
Hop Inspection	-	-	733,000	-	733,000	8.1
Nursery Inspection	-	-	1,895,000	-	1,895,000	13.3
Plant Protection (Pest)	3,165,500	2,777,000	877,000	1,948,000	8,767,500	52.9
Planting Stock Certification	-	-	716,000	-	716,000	4.3
Weights & Measures	352,000	-	1,041,000	287,000	1,680,000	12.4
Total	4,436,500	4,657,000	6,126,000	2,235,000	17,454,500	107.1

The **Market Development Division** has a biennial budget of $11.9 million. The division has 11 (2%) of the agency's 661 FTEs and accounts for 12% of the agency's budget. More than 70% of the division's budgeted expenditures are in two activities -- Ag Promotion & Protection and Agricultural Fairs – which primarily provide direct financial assistance. The division receives a large portion (23%) of the agency's GF-S appropriation.

Market Development 2003-05 Biennium Estimated Expenditures						
Activity	General Fund State	General Fund Federal	Local Funds	Other Funds	Total	Annual FTEs
Ag Promotion/Protection	2,423,000	1,799,000	-	-	4,222,000	0.0
Agricultural Fairs	-	-	-	4,427,000	4,427,000	2.0
Commodity Commissions	10,000	-	-	-	10,000	0.0
International Marketing	1,873,000	60,000	-	1,110,000	3,043,000	6.7
Rural Rehabilitation	-	-	10,000	-	10,000	0.0
Small Farm/Direct Marketing	75,000	111,000	-	-	186,000	2.0
Total	4,381,000	1,970,000	10,000	5,537,000	11,898,000	10.7

The **Agency Operations Division** has a biennial budget of $7.4 million. The division has 46 (7%) of the agency's 661 FTEs and accounts for 8% of the agency's budget. The division provides executive leadership, policy development and review, financial services, computer and information technology services, personnel services, communications, administrative procedures guidance, legal services, homeland security, and safety and emergency management programs for the department's 25 programs. The budget amounts for this activity are the overhead component of agency administrative costs.

Washington State Department of Agriculture
STATUTORY AUTHORITIES
As of July 2004

Enabling Statutes

RCW 43.17	Administrative Departments and Agencies – General Provisions
RCW 43.23	Department of Agriculture

Statutes administered by the Director of Agriculture (56)

RCW 15.04	Agriculture and Marketing - General Provisions
RCW 15.08	Horticultural Pests and Diseases
RCW 15.13	Horticultural Plants and Facilities - Inspection & Licensing
RCW 15.14	Planting Stock
RCW 15.15	Certified Seed Potatoes
RCW 15.17	Standards of Grades and Packs
RCW 15.19	Ginseng
RCW 15.30	Controlled Atmosphere Storage of Fruits and Vegetables
RCW 15.35	Washington State Milk Pooling Act
RCW 15.36	Milk & Milk Products
RCW 15.37	Milk & Milk Products for Animal Food
RCW 15.49	Seeds
RCW 15.53	Commercial Feed
RCW 15.54	Fertilizers, Minerals and Limes
RCW 15.58	Washington Pesticide Control Act
RCW 15.60	Apiaries
RCW 15.61	Ladybugs and other Beneficial Insects
RCW 15.64	Farm Marketing
RCW 15.65	Washington State Agricultural Commodity Boards
RCW 15.66	Washington State Agricultural Commodity Commissions
RCW 15.70	Rural Rehabilitation
RCW 15.76	Agricultural Fairs, Youth Shows, Exhibitions
RCW 15.80	Weighmasters
RCW 15.83	Agricultural Marketing and Fair Practices
RCW 15.85	Aquaculture Marketing
RCW 15.86	Organic Food Products
RCW 15.105	From the Heart of Washington Program
RCW 16.36	Animal Health
RCW 16.38	Livestock Diseases - Diagnostic Service Program
RCW 16.49	Custom Slaughtering
RCW 16.50	Humane Slaughter of Livestock
RCW 16.57	Identification of Livestock
RCW 16.58	Identification of Cattle through Licensing of Certified Feed Lots
RCW 16.65	Public Livestock Markets
RCW 16.68	Disposal of Dead Animals
RCW 16.72	Fur Farming
RCW 17.10	Noxious Weed Control Boards
RCW 17.15	Integrated Pest Management
RCW 17.21	Washington Pesticide Application Act
RCW 17.24	Insect Pests and Plant Diseases
RCW 17.26	Control of Spartina and Purple Loosestrife
RCW 17.34	Pest Control Compact
RCW 19.32	Food Lockers
RCW 19.94	Weights & Measures
RCW 19.112	Motor Fuel Quality Act
RCW 20.01	Agricultural Products - Commission Merchants, Dealers, Brokers, Buyers, Agents
RCW 22.09	Agricultural Commodities
RCW 22.16	Warehouses and Elevators - Eminent Domain
RCW 69.04	Intrastate Commerce in Food, Drugs, and Cosmetics
RCW 69.07	Washington Food Processing Act
RCW 69.10	Food Storage Warehouses
RCW 69.25	Washington Wholesome Eggs and Egg Products Act
RCW 69.28	Honey
RCW 69.36	Washington Caustic Poison Act of 1929
RCW 70.106	Poison Prevention - Labeling and Packaging
RCW 90.64	Dairy Nutrient Management

Appraisal of External Environment

Major Customers

The customers of the Department of Agriculture are as diverse as the state's food and agricultural industry itself. Most of the agency's customers are growers, handlers, dealers, packers or processors of food and agricultural products, or the industry's input and service suppliers. Within these customer groups, there is growth in small, specialty producers and processors who sell locally produced products to nearby urban markets. At the same time, more production is being concentrated in a relatively few large growers and processors. As consolidation of existing companies and/or acquisition of local companies by national companies headquartered outside the state continues, the number of medium-size companies that generally supplied a regional market are declining. The needs and resources of this wide range of customers necessitates a variety of strategies and activities to serve them.

Customer expectations are generally similar in that they expect timely, fair, responsive service and action from the department. They also expect WSDA to represent their interests in interagency and statewide issues that affect the food and agriculture industry.

Customer Trends

Washington is an exceptional agricultural region with a unique combination of climates, soils and irrigation that supports an extremely diverse industry. Washington is ninth in the nation in agricultural production with state farmers harvesting more than 300 crops. Washington's proximity and access to the rapidly growing markets in Asia provides extraordinary market opportunities and encourages innovation in the growing and processing of food products. Today Washington is the 3rd largest exporter of food and agriculture products in the US. The food and agriculture industry is the private-sector core of most rural economies and supports 13 percent of the state economy.

Several major, long-term trends are affecting all aspects of the food and agriculture industry and, in turn, WSDA's role. These trends provide both challenges and opportunities for Washington's food and agriculture industry.

1) Consolidation: Through mergers and acquisitions, a handful of mega-retailers, such as Kroger, Wal-Mart, Safeway and Albertson's, now control a majority of the US retail food market. This concentration of buying power is causing subsequent consolidation by food processors, distributors and growers. In Washington, this often means that the corporate headquarters leaves the state, reducing the company's commitment to the state and its involvement in the community.
2) Globalization: New information technologies, shipping and storage technologies, and reduced trade barriers allow products to be sourced anywhere in the world. Our farmers and food processors now face increasing foreign competition in the US and export markets, but also have growing export opportunities, especially to the large and rapidly growing Pacific Rim markets. The recent decline in the value of the US dollar will significantly enhance our export opportunities.

3) Regional Competitiveness: In addition to these global trends, increased costs for water, energy, transportation, environmental protection and government regulation have affected Washington and Northwest producers selectively, reducing our competitiveness despite the high productivity of our farmers and processors. These producers are highly dependant on inexpensive manual labor. The increasing labor costs in the region relative to other producing areas and immigration policies that affect the labor supply are increasing the cost of production and encouraging shifts to mechanization.

4) Consumer demand for healthier diets: Aging 'baby boomers' and a growing obesity epidemic are driving increased attention on healthier diets. Consumption of fresh fruits and vegetables is increasing, creating opportunities for local growers. Though low-carbohydrate diets have increased meat consumption, they have also reduced demand for Washington's potatoes and wheat.

5) Food Safety and Security: Although recent incidents of Bovine Spongiform Encephalopathy (BSE, or mad cow disease) and Avian influenza have raised concern about the food safety system in the U.S., consumer confidence has remained strong. These concerns and homeland security concerns over bio-terrorism and food security are affecting how products are produced, handled and distributed, as well as WSDA's role. New rules for identity preservation are likely, allowing food to be traced back from the retail shelf to the farm providing greater safety and assurance to the consumer.

How is the food and agriculture industry responding?

- Improving Efficiency: To reduce costs, farmers and processors are applying new technologies to more effectively utilize limited water and energy resources and reduce costs.
- Diversifying Markets: Companies are seeking new market opportunities to reduce dependence on single markets. Even larger companies are looking at local and institutional markets while others seek greater export opportunities. Many smaller companies are seeking to sell their products directly to consumers and institutions through Farmers Markets and other mechanisms.
- Growing Specialty Crops to Target Niche Markets: Many farmers are growing new, specialty crops to meet specific market demands and to differentiate their products from others. An important specialty market is for organic products and crops. Small farmers supply much of this market but increasingly large farms are shifting to organic production to meet demand.
- Adopting Value-Added Processing: Many farmers seeking to maximize their profits and secure markets are processing their crops into finished retail products.
- Incorporating New Technology: One advantage local growers and processors have over foreign competitors is access to technology. New growing, processing and packaging technologies are being applied to farming and food processing to improve efficiency and to develop new products that meet consumer needs.

How is WSDA responding to improve competitiveness of the industry?

- Marketing: WSDA assists export-ready companies to access international markets and works with smaller growers to access local and institutional markets.

- As the industry shifts to newer technology and communications procedures, WSDA is changing to be compatible and to best assist our companies to be competitive.
- WSDA will play a larger role in fostering a viable, competitive food and agriculture industry in Washington. This includes working with other agencies to foster the food and agriculture business sector, assisting food processing companies to locate or expand locally, encouraging greater infrastructure development, and more.

Strategic Plan Highlights

WSDA Mission

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

The department's strategic plan focuses on four goals to carry out its mission. These goals contribute to four statewide results areas:

- Improve the economic vitality of businesses and individuals
- Improve the health of Washington citizens
- Improve the safety of people and property
- Improve the quality of Washington's natural resources

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.

This strategy is carried out by the department's Food Safety program with support of the Microbiology Laboratory.

Objective: Maintain a rating of 95 percent of Washington state's food processing firms with a Sustained Compliance Rating score of 90 or more with no Good Manufacturing Process (GMP) critical violations each year.

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

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

This strategy is carried out by the department's Pesticide Regulation and Fertilizer Regulation activities with the support of the Chemistry Laboratory. It is also carried out by the Livestock Nutrient Management program.

Objectives:

1) Complete 85 percent of pesticide case investigations, including appropriate enforcement actions, within 120 days.

2) Maintain designation as lead state agency for pesticide regulation from the U.S. Environmental Protection Agency (EPA) as determined by EPA's annual review of WSDA performance.
3) Ensure that 100 percent of fertilizer samples tested each year either meet Washington state standards or compliance action is taken.

Goal 3: Protect Washington'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).

This strategy is primarily carried out by the department's Plant Protection activity and the Animal Health program, with support of the Microbiology Laboratory.

Objectives:
1) Maintain the standards of federally designated disease-free classifications for Washington state in the national animal disease eradication programs each year.
2) Reduce the number of acres of solid Spartina to 3,100 acres by June 2007.

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.

All agency activities contribute to this goal. This strategy is carried out by the following agency activities.

- Fruit and Vegetable Inspection
- Grain Inspection
- Seed Inspection/Certification
- Hop Inspection
- Nursery Inspection
- Planting Stock Certification
- Organic Food Certification
- Feed Regulation.
- Livestock Identification
- Commission Merchants
- Grain Warehouse Audit
- Weights and Measures Inspection
- International Marketing
- Small Farm and Direct Marketing
- Agricultural Promotion and Protection
- Agricultural Fairs
- Commodity Commissions

Objectives:
1) Retain delegated authority from the U.S. Department of Agriculture (USDA) for grain inspections.
2) Assist Washington state export-ready companies to generate $115 million in export sales of agricultural and food products including $60 million by WSDA staff and contract trade representatives and $55 million jointly with commodity groups.

Agency Assessment

The following lists highlight areas and issues identified by agency staff through the Employee Survey and follow-up sessions, by managers and supervisors participating in the 2004 agency self-assessment, and by the executive management team.

Strengths

1. Knowledgeable, skilled, committed employees.
2. Job satisfaction – In the latest employee survey, respondents gave high ratings to job satisfaction, participation, and teamwork.
3. Efficient work processes – WSDA programs demonstrate measurable improvements in key processes.
4. A functional quality management system.
5. Customer Focus – This was the highest rated element of agency performance in the recent self-assessment.
6. Strong relationship with food and agriculture industry – Most programs have active advisory committees and interact with industry leaders and organizations on a regular basis.
7. History of quick response to issues and problems.

Areas of Opportunity

1. Strategic Planning – Strengthening program and agency-level planning; developing a long range view and plans for 5-10 years into the future.
2. Leadership – Improving leadership effectiveness, promoting and developing leadership.
3. Performance Measurement and Results – Continuing emphasis and increasing participation in performance management activities.
4. Internal Communication – In an agency as diverse as WSDA, communication is an ongoing challenge. Most employees work in the field and are based out of a program field office or their home. Not all have access to the same communication tools. We are pursuing efforts to increase the availability of agency information on the Internet and the WSDA intranet, while at the same time understanding the importance of face-to-face interaction.
5. Information technology and automation – This is the area in which the agency has been most successful in achieving efficiencies and cost savings. A recent success is the technology initiative implemented in WSDA's Fruit and Vegetable Inspection program. Information technology can help our processes become more efficient, less expensive, and capture information valuable to the business of agriculture and the safety of consumers.

Issues that may affect WSDA's ability to accomplish its mission

1. **Succession Planning** -- WSDA is experiencing and will continue to experience the retirement of employees in key positions who have years of institutional knowledge. The agency is beginning to emphasize management and leadership skill building as we identify up-and-coming supervisors and managers within the agency.
2. **Civil Service Reform** -- Virtually all aspects of the state's civil service system will be changing in the next year, including new rules and processes for hiring, classification and compensation, performance management, training, corrective/disciplinary action, reduction-in-force, and more. Training agency supervisors and managers to effectively implement the new system is a high priority.

3. **Information Technology** -- WSDA continues to move toward an enterprise-wide view of information technology. We are assessing to what degree our IT infrastructure is compatible enough to support current and future agency initiatives. 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 applications, operating systems, and IT practices.
4. **Capacity** -- Recent experience responding to animal disease incidents highlighted the agency's continuing lack of capacity. The agency has a few large programs and many, smaller, specialized programs; eighteen of the agency's 26 programs have less than 15 FTEs. We recognize the need to develop plans within divisions and across divisions to respond to emergent situations. We also recognize the importance of maintaining sufficient capacity in critical areas affecting public health and safety.
5. **Reduction in Federal Funding** -- Several agency programs rely on federal funding for program activities and responding to emergent situations, especially related to animal and plant health issues. The timely availability of federal funding is a concern.
6. **Public Disclosure** -- WSDA has experienced a tremendous increase in the number of public disclosure requests. This has presented records management and workload management challenges.

Emergent or Hot Issues

WSDA provided overviews of five issues in its Agency Executive Summary (Tier 1) Transition Document. These issues are:

1. **Livestock Nutrient Management**: successful transfer and implementation of the state's dairy nutrient management program and the expanded confined animal feeding operation (CAFO) program.
2. **Animal Disease Emergency Response**: continued efforts on emergency preparedness and developing and implementing a national animal identification system.
3. **Sudden Oak Death**: detecting and eradicating this recently introduced plant disease and keeping nursery products, Christmas trees and forest products moving to market.
4. **Invasive Pest Species**: protecting our environment and economy from the effect of exotic insect pests and noxious weeds requires early, targeted, effective response.
5. **Commodity Commission Constitutionality**: the upcoming U.S. Supreme Court decision on the Beef Check-off may have significant impacts on the state's commodity commissions.

Here is a brief description of other emergent or hot issues and significant activities WSDA is involved in over the next several months that the new administration might want to be aware of.

Agricultural Impacts of Critical Area Ordinances

Many agricultural stakeholders are concerned that, as counties update their critical area ordinances, pressure will be put on the counties to institute regulatory programs that require farmers to install large buffers along streams. Counties do not have to use regulatory programs; WSDA is advocating that counties use voluntary, incentive-based programs to achieve protection of critical areas. These county programs need to be based on sound science. WSDA is participating in an interagency workgroup, formed by the Governor's Policy Office, to coordinate the state's response to this issue. Its possible legislation will be introduced by various parties on this issue.

Contact: Lee Faulconer, Policy Assistant to the Director, (360) 902-1804

Water Resources Management, Administration and Funding

Water availability and the management of water rights and claims for environmental and public benefit needs continue to be significant issues for the state and for the future of agriculture. WSDA is on the legislative task force that is to review and develop proposals and options for funding the state's water resource programs. Adequate funding for both the management of water resources and the maintenance and development of infrastructure to address current and future water needs is essential to address the needs of a growing population and provide for a healthy economy and environment statewide. Protecting current agricultural water supplies and infrastructure as well as developing additional storage and resource capacity are priority issues for agriculture.

Contact: Linda Crerar, Policy Assistant to the Director, (360) 902-1818.

Gypsy Moth Eradication

WSDA has prevented the highly destructive gypsy moth from becoming established in our state by eradicating every detected infestation over the past 25 years. This summer's trapping

program caught 68 moths. The Roanoke neighborhood in Seattle is one of the highest catch areas and, based on other evidence of gypsy moth activity, will likely be recommended for eradication treatment in the spring. Possible eradication efforts are also being evaluated for high catch areas near Silverdale and on Shaw Island.

We have begun neighborhood outreach. The public process for evaluating proposed eradication projects begins in early December, with final decisions made sometime in April. Typically, treatment involves three applications, seven to 10 days apart, of the biological insecticide Btk starting in late April/early May. Based on our experience with previous treatments in Seattle, we anticipate some level of community concern about the application of a pesticide.
Contact: Mary Toohey, Assistant Director, Plant Protection Division, (360) 902-1907

Apple Maggot Quarantine
Apple maggot attacks apples, cherries and hawthorns, drilling fine tunnels in the fruit and destroying the quality of the crop. Until very recently, it was found mostly on the west side of the Cascades, and eastern Washington fruit was marketed as apple maggot free. This past summer, an established infestation was discovered in Yakima County, one of the state's major tree fruit production areas. As an alternative to the current, sometimes controversial, system of declaring quarantines county by county, WSDA and the industry are exploring alternative ways to meet international conventions for certifying pest-free products. Consultation about revising the apple maggot rule began in September 2004, with a goal of adopting a revised rule in February, prior to the 2005 growing season.
Contact: Mary Toohey, Assistant Director, Plant Protection Division, (360) 902-1907

Pre-emption of State Grain Merchandising Requirements
In a final rule published August 5, 2002, the U.S. Warehouse Act pre-empted state laws and regulations for the merchandising of grain. This pre-emption leaves state producers who merchandise their grain commodities through federal licensed warehouses at risk for the value of those commodities, as the U.S. Warehouse Act does not provide protection for merchandising activities. WSDA is supporting the activities of a task force created by the National Association of State Departments of Agriculture (NASDA) to lobby Congress to reverse the 2002 rule.
Contact: Robert Gore, Assistant Director, Commodity Inspection Division, (360) 902-1827

Mexican Antidumping Apple Duties
After Canada, Mexico is the largest export market for Washington apples. In August 2002, the Mexicans terminated the suspension agreement that allowed imports of Red and Golden delicious apples to be sold above a minimum price. Termination of the agreement meant that Mexico imposed a 46.48% antidumping duty on red and golden delicious imports. Prior to the imposition of the antidumping duties, Washington apple exports ranged from $80 to $100 million. As a result of the imposition of dumping duties, apple exports declined by 20% to 25% in 2003. This past year, the US and Mexico have been working together for a new agreement to suspend the dumping duties. The Mexican government is ready to execute the agreement; however, there is one Washington apple company that has filed a motion in the Mexican courts to be excluded from this agreement. The Northwest Fruit Exporters (NFE), the industry organization responsible for Mexico, is working either to get the company to drop the motion or to exclude them from NFE (hence the company would be unable to ship to Mexico). We are still

waiting for the status of this issue, which may not be finished before the new administration.
Contact: Janet Leister, Marketing Manager, (360) 902-1931

Coddling Moth in Apple Exports to Taiwan

Taiwan is Washington's third largest export market and the leading market for Fuji apples, worth approximately $73 million. US apple shippers must follow the requirements (workplan) for shipping apples to Taiwan, which does not allow for coddling moth. Coddling moth was found in US apple shipments to Taiwan in 2003. The US and Taiwan implemented a new agreement that allow for only two detections of coddling moth, and after three detections, the market is closed. In the 2004 season, there have been two detections of coddling moth – the first from California and the second from Washington. After three coddling moth detections, the Taiwan market will be closed and it will be very difficult to reopen.
Contact: Janet Leister, Marketing Manager, (360) 902-1931

From the Heart of Washington

Governor Locke and Director Loveland launched the state's *From the Heart of Washington* (HOW) program in June 2002. The purpose of the program and its promotional campaign is to increase demand for Washington agricultural products in state and to present an accurate picture of the value of agriculture to the state's economy. In its first two years, the program has had excellent impact and has strong support throughout the state. It has been funded by $2.5 million from a one-time federal grant and guided by a 14-member Advisory Board appointed and chaired by the Director of Agriculture. To continue and build on the program, legislation was enacted in 2004 that has allowed HOW to become a private, non-profit entity and provided for private as well as public funding. WSDA continues to be directly involved and owns the HOW logo. The Governor's support and active role as a spokesperson for the program has been important to its success. We recommend that the new Governor continue to actively support this program.
Contact: Bill Brookreson, Deputy Director, (360) 902-1810

Food and Agricultural Security

Agriculture has been designated by the President as one of the thirteen critical infrastructures vital to this country. WSDA has cabinet level responsibility on Homeland Security. In the past year, WSDA has added a Homeland Security Coordinator to lead and coordinate agency activities and a technical position to provide essential expertise to support agency programs that are most closely tied to Homeland Security. With these positions, WSDA will work with industry and federal, state and local agencies to reduce the vulnerability of Washington agriculture, respond to any agricultural event or incident, and protect the infrastructure that it relies on from any direct, indirect, or perceived acts of terrorism.
Contact: Bill Brookreson, Deputy Director, (360) 902-1810

Possible 2005 Agency-Request Legislation

Milk and Milk Products (Z-0102.5/05)

This proposal eliminates the requirement that capping of milk and milk products be done with mechanical equipment, allowing processors to also use an approved hand-capping method. Similar sanitary bottling and capping methods are routinely used by juice processors, bottle water operations and wineries. This will provide much needed flexibility, especially to small on-farm processors who cannot find nor afford mechanical capping equipment to meet their business needs. The proposal also increases the annual license fee for a milk processing plant from $25 to $55 to be consistent with the license fee of small-scale food processing plants. It clarifies that a person who, in addition to processing milk and milk products, processes other food products, is required to obtain both a milk processing plant license and a food processing license, but is only required to pay one $55 license fee and any milk assessment due under RCW 15.36.551.

Commercial Feed Law (Z-0111.4/05)

This proposal revises and clarifies RCW 15.53, Commercial Feed by creating a two-year pet food and specialty pet food registration period, similar to the two-year registration cycles for pesticides and fertilizers, thus reducing paperwork and processing time for feed registrants. It also clarifies reporting requirements and inspection fee payment responsibilities for all licensees and registrants. This will improve WSDA's auditing capabilities and better ensure that appropriate fees are being paid by feed companies doing business in the state.

Livestock Nutrient Management

This proposal is being finalized and will be presented to stakeholders at a meeting on November 4. We expect to have a package ready for OFM review in early November.

The 2003 Legislature passed ESSB 5889, which transferred the powers, duties and functions of the Dairy Nutrient Management Act, RCW 90.64, from the Department of Ecology to WSDA. This proposal implements ESSB 5889 by updating and revising the Dairy Nutrient Management Act and establishing a new program that meets the minimum federal requirements for EPA's Confined Animal Feeding Operations (CAFO) rule revisions that address all livestock sectors.