

Oregon Department of Agriculture HB 4015 Plan

Introduction

House Bill 4015 and the realignment plan prepared under HB 2620 ask state natural resource agencies to develop a plan by July 1, 2014, that identifies how each agency will participate in Regional Solutions Teams.

The following report describes ODA's programs that relate to Regional Solutions Teams priorities, identifies regional priorities that relate to ODA activities, describes how ODA coordinates with other agencies to address those priorities, and describes a grant program administered by the agency. It also describes how ODA plans to be involved with Regional Solutions Teams going forward.

Key Oregon Department of Agriculture programs

ODA has a threefold mission and a diverse set of programs in each of the agency's core mission areas:

- Promote and develop Oregon agriculture
- Food safety and consumer protection
- Natural resource protection

The following ODA programs may periodically interact with Regional Solutions Teams or address issues that have been identified as priorities to the teams.

The ***Business Development*** program assists Oregon agriculture and food businesses with business planning, feasibility analysis, and market research, and recruits food businesses to locate and stay in Oregon.

The ***Local and Regional Market Development*** program promotes Oregon-grown products at local and regional trade shows, supports direct marketing activities such as farmer's markets and farmstands, assists farmers with value-added ventures, and connects farmers with local and regional buyers.

The ***International Market Development*** program promotes Oregon-grown products at international trade shows, hosts inbound and outbound trade missions to showcase Oregon products, connects foreign buyers with Oregon suppliers of agriculture and food products, and helps businesses address technical barriers to export markets.

The ***Farm to School*** program helps schools source food from local farmers, ranchers and fishers. The program also hosts the Food Corps program in Oregon and works to increase parent and child awareness of Oregon-grown agricultural products.

ODA administers **USDA Specialty Crop Block Grants** in Oregon, which help Oregon's specialty crop industries with market development and access, pest and disease prevention, enhanced food safety practices, and other activities that boost competitiveness.

ODA provides information to businesses about many other **USDA programs**. These programs include USDA Rural Development Value Added Producer grants, which support feasibility studies and working capital needs, USDA conservation programs, and USDA risk management programs.

ODA **Certification and Inspection** programs provide a variety of fee-for-service certifications and inspections, including identity-preserved, organic, Good Agricultural Practices/Good Handling Practices, and inspections for pests and diseases.

Food Safety programs license and inspect food facilities ranging from in-home kitchens that produce packaged food for later consumption, to large-scale food processing facilities. Two specialists specifically work with small-scale and cottage food businesses.

The **Land Use** program works to protect Oregon's farmland base to support continued agricultural economic development, and addresses right-to-farm issues.

Water Quality programs work with farmers and ranchers to protect water quality and fulfill agriculture's commitments in the Oregon Plan for Salmon and Watersheds.

ODA's new **Water Resources Program** assists irrigators with information about irrigation efficiency opportunities and helps develop additional irrigation water sources.

The **Noxious Weed Management Program** and **Insect Pest Prevention Program** focus on early detection and eradication of invasive plants and insects, as well as control of established species that can cause serious economic damage to agriculture and other natural resource industries.

Key ODA Projects with Multi-regional Significance

Many of the projects the ODA is involved with have multi-regional or statewide significance. These projects extend across multiple regional solutions teams and priorities. Here are some examples.

Aquaculture Initiative

Aquaculture (freshwater and marine) has been economically important in Oregon since the 1800s. There are currently about 50 commercial farms in Oregon producing seafoods and fish for recreation and stock enhancement across the state from the coast to the Wallowa Valley. ODA Director Katy Coba recently convened an Aquaculture Advisory Board with broad industry and state agency representation to plan for sustainable statewide aquaculture development in Oregon. Oregon tends to lag behind its neighboring states in

terms of the value of aquaculture production.

The general goals this group is seeking to achieve include: 1) Foster economic development through sustainable aquaculture farming and best management practices; 2) Promote safe, local food production through aquaculture; 3) Protect and enhance environmental and social quality; 4) Educate consumers, communities, and policy makers about the benefits, opportunities and challenges of aquaculture; 5) Support innovative research to foster beneficial aquaculture production and decisionmaking; 6) Clarify and streamline regulatory and legislative processes governing aquaculture; 7) Support agency, university and institutional capacity for fostering sound aquaculture development; 8) Identify waters, lands and tidelands most suitable for aquaculture development through collaborative planning processes; and, 9) Compliment and grow existing agricultural and fisheries infrastructures and businesses in concert with aquaculture.

USDA Rural Development has committed \$20,000 to help fund a “white paper” to define and describe the opportunities in aquaculture. Another \$30,000 is needed.

Dairy Export Initiative

The ODA is working with the Oregon Dairy Products Commission to increase the quantity of Oregon-produced dairy exports via the newly formed Oregon Dairy Export Consortium. This effort will impact the state’s 260 dairy farmers and many of the state’s 19 dairy processors. Five dairy processors representing about 70% of Oregon’s fluid milk production will participate in an ODA-arranged trade mission to South Korea, Hong Kong, Macau and Japan from May 9-21, 2014 to seek out opportunities for trade. The Dairy Commission contributed \$50,000 to support this effort. The private sector contributed another \$25,000.

Team Oregon Food Processing

The ODA is helping members of the Oregon Economic Development Association (OEDA) discover food processors who want to relocate to Oregon or start a food processing business in Oregon. OEDA represents 85 cities, counties and regional economic development organizations across Oregon. Participants have attended food trade show in northern and southern California for the past three years.

NW Food Buyers Alliance

Large-scale food buyers face significant challenges (cost, complexity, consistency, volume needs, transaction costs, lack of tracking/reporting, etc.) in attempting to source fruits, vegetables and tree nuts that are produced or processed in Oregon. Over the past several years, Oregon Department of Agriculture (ODA), Ecotrust, and Oregon Physicians for Social Responsibility (OPSR) have cooperated on projects to help these buyers address these challenges. The partners will continue this work by facilitating networking and best-practice sharing, and providing education and support for overcoming known barriers. The project’s initial focus will be in the Willamette Valley, but will expand in its second year to include the eastern Gorge and central Oregon.

Expanding Oregon's Meat Processing Sector

The ODA actively works with Oregon State University and the USDA to help potential entrepreneurs examine opportunities in the meat processing business. There has been a great deal of interest in this topic around the state. The ODA has worked with groups from Wallowa County to Curry County. A group in central Oregon is now in the process of reviewing their options to increase local meat processing capacity in that area.

State Supervised Price Negotiations

The ODA conducts state-supervised price negotiations for perennial ryegrass, tall fescue, and Dungeness crab producers and processors. The ODA also has the authority to assist members of the Pacific shrimp and Marion blackberry industries. The ODA's involvement provides the participants with immunity from federal anti-trust action.

ODA programs/projects that relate to regional priorities

ODA reviewed the regional priorities developed by each regional solutions team. We then identified programs and projects that the agency is already involved in related to the regional priorities. The table in Appendix A lists the regional priorities that relate to ODA programs and projects, identifies the related ODA programs and projects, and lists other agencies that are also involved in accomplishing those priorities.

Agency Budget

Oregon Department of Agriculture is funded through a combination of fees for licenses and services, general fund, lottery funds, and federal funds. Fees, which are classified as Other Funds, are the biggest piece of the agency budget. In the 2013-2015 budget, Other Funds totaled \$54 million, or 57% of the agency budget. These funds support specific programs and services such as fee-for-service certifications, food safety licenses and inspections, and pesticide and fertilizer dealer licenses and regulatory oversight.

About 20% of ODA's budget is General Fund. These funds support the agency's market development work, natural resource programs such as the agricultural water quality program and invasive species prevention program, and programs partially funded with Other Funds such as the Food Safety program.

The agency also receives federal funds for specific purposes, such as the USDA funds that ODA administers as part of the Specialty Crop Block Grant program. Other federal funds support invasive species early detection and rapid response efforts. Federal funds comprise 16% of the agency budget.

ODA also receives lottery funds for programs that support watershed health, including the agricultural water quality program, soil and water conservation district program, insect pest prevention and management program, and weed control program.

ODA Grant and Loan programs

Oregon Department of Agriculture does not administer any loan programs. Currently, we administer one grant program that relates to the Regional Solutions Teams' priorities, the Specialty Crop Block Grant program.

Specialty Crop Block Grant funding comes from the Farm Bill and is distributed to states by the USDA Agricultural Marketing Service. In administering the program, states must follow the requirements established in the Farm Bill and by the US Department of Agriculture.

The purpose of the program is to enhance the competitiveness of Oregon's specialty crops. Specialty crops include fruits, vegetables, nuts, grass seed, and nursery and Christmas tree crops. Examples of ineligible crops include wheat, beef and dairy products, and hay.

USDA establishes overall priorities for program funding, but states are allowed some flexibility in identifying their own state priorities. Priorities for Oregon are listed below.

- International market access and development
- Local, regional, and domestic market access and development
- Certification programs
- Food safety compliance and traceability
- Efficiency of distribution systems
- Prevention and management of pests and diseases
- Training and equipping the next generation of farmers
- On-farm labor needs
- Productivity enhancements and innovation
- Agriculture and food-related priorities identified by Regional Solutions Teams

Projects that do not address one of the identified priorities are still eligible for funding, as long as they meet all other program requirements.

Some of the proposals to the program are for statewide activities, so they are not limited to a specific region. Other proposals may focus on a particular region, such as the Columbia Gorge or the Blue Mountain region.

The program priorities appear to be consistent with the priorities identified by the regional teams. However, some specific regional team priority projects may not be consistent with USDA eligibility requirements for the program. For example, enhancing the competitiveness of locally produced meats would not be allowed by the USDA program requirements, nor would promotion of Oregon cheese, because meat and dairy products are not eligible for the Specialty Crop Block Grant program. However, a project to market Oregon pears, or to promote value-added Oregon processed potatoes, would be eligible for the program.

ODA would not need to make statutory changes to incorporate consideration of regional priorities in the grant selection process. However, the individual projects must also meet federal eligibility requirements for the grant program. To ensure regional priorities are considered in this program, we will make the following changes to the grant application and review process.

- We will include Regional Solutions Team priorities as part of the list of program priorities identified in the grant funding opportunity announcement.
- We will ask applicants whether their project meets at least one priority identified by a Regional Solutions Team, and require documentation that they have communicated with the regional liaison from the Governor's Office for that team.

ODA Staff participation in regional solutions teams

Currently, ODA staff participate in regional solutions teams on an as-requested basis. Our primary contact to the regional solutions teams is Stephanie Page, Special Assistant to the Director. Teams may contact Stephanie Page for assistance reaching the proper staff within the agency if the teams have agriculture-related needs and priorities and are not already working directly with ODA staff.

Two other key ODA staff work regularly with the Regional Solutions Teams. Jerry Gardner is ODA's Business Development Manager. Jim Johnson is ODA's Land Use Coordinator. Several teams who are already working with Jerry and Jim may contact them directly for assistance.

Additional resource needs

Agriculture is a significant priority for nearly all of the Regional Solutions Teams. ODA will need additional staff to fully participate on each Regional Solutions Team and collaborate with the teams to achieve the agriculture-related priorities. To accomplish this, ODA plans to request 2 FTE, one for the western Oregon RSTs and one for the central and eastern Oregon RSTs. In addition, \$30,000 is needed to support the aquaculture initiative, as described in the section about key ODA projects with multi-regional significance.

Appendix A. ODA programs/projects that relate to regional priorities

ODA reviewed the regional priorities developed by each regional solutions team. We then identified programs and projects that the agency is already involved in related to the regional priorities. The following table includes the regional priorities related to ODA programs and projects and describes how ODA coordinates and integrates with other agencies regarding these priorities.

Region	Priority	Related ODA programs and projects	Other agencies involved
North Coast	Sustain and grow NW Oregon's businesses in areas such as agriculture.	<ul style="list-style-type: none"> • Local, regional/domestic, international market development programs • Business development programs • Aquaculture initiative • Dairy export initiative • State-supervised price negotiations • Team Oregon Food Processing 	Business Oregon
North Coast	Bring regional support to ongoing Oregon Solutions projects	<ul style="list-style-type: none"> • ODA's business development program has been highly involved in the Oregon Solutions project related to livestock mortality disposal. 	Oregon Department of Environmental Quality, Oregon Department of Forestry, Business Oregon
Mid-Valley	Become a center for agri-business innovation and agri-tourism	<ul style="list-style-type: none"> • Land use program • Business development program • Local, regional, and international market development • NW Food Buyers Alliance • Dairy export initiative • Aquaculture initiative • Team Oregon food processing 	Business Oregon, Travel Oregon. ODA is participating on the Statewide Agritourism Group convened by Travel Oregon and on the SB 815 agri-tourism work group.

Region	Priority	Related ODA programs and projects	Other agencies involved
Mid-Valley	Expand agri-tourism opportunities which highlight local produce, viticulture/winery operations, and visitor hospitality amenities	<ul style="list-style-type: none"> • Celebrate Oregon agriculture • Local market development • Regional/international market development • Land use program 	DLCD, Business Oregon, Travel Oregon. ODA is participating on the Statewide Agritourism Group convened by Travel Oregon and on the SB 815 agri-tourism work group.
South Coast	Access to natural resources, support of natural resource economy	<ul style="list-style-type: none"> • Local, regional, international market development • Business development • Aquaculture initiative • Dairy export initiative • Team Oregon food processing • Noxious weed control program 	Business Oregon, Oregon Department of Forestry
Southern	Water conservation and stream restoration	<ul style="list-style-type: none"> • ODA water quality programs help protect/improve water quality and protect/improve streamside vegetation along agricultural lands. • ODA water resources specialist will be promoting water conservation strategies for agriculture. • Noxious weed control program 	ODA works closely with DEQ at the local level, with Oregon Water Resources Department at the state level, and with Oregon Watershed Enhancement Board at multiple levels regarding water quality and water resource management priorities.

Region	Priority	Related ODA programs and projects	Other agencies involved
North Central	Providing support for business clusters <ul style="list-style-type: none"> • Value added agriculture • Fermentation sciences 	<ul style="list-style-type: none"> • Local, regional, and international market development • Business development • Team Oregon Food processing • NW Food Buyers Alliance • ODA has worked with the team in the last few months to contact local agricultural interests and gather their feedback on priorities. The top priority identified was farmworker housing. ODA is collaborating with the RST on this issue. 	Business Oregon, Housing and Community Services
Central	Strengthen regional agriculture	<ul style="list-style-type: none"> • Local and regional market development • Business development • NW Food Buyers Alliance 	OSU Small Farms program; ODA works closely with the program's expert on small meat processing.
South Central	Business retention, expansion, and attraction <ul style="list-style-type: none"> • Food processing/value added agriculture 	<ul style="list-style-type: none"> • Business development • Local, regional, and international market development • Team Oregon food processing • Dairy export initiative • Aquaculture initiative 	Business Oregon
Greater Eastern	Water management and development	<ul style="list-style-type: none"> • Water resources program 	Oregon Water Resources Department, Oregon Department of Environmental Quality
Greater Eastern	Avoid/mitigate sage grouse ESA listing	<ul style="list-style-type: none"> • Multiple ODA programs have interacted with the SageCon and Juniper Oregon Solutions projects, including ODA's noxious weed control program and water quality program. 	Several other agencies are involved and ODA is collaborating with them through the Oregon Solutions projects.

Region	Priority	Related ODA programs and projects	Other agencies involved
Northeast region	Value added agriculture	<ul style="list-style-type: none"> • Business development • Local, regional, and international market development • Team Oregon food processing 	Business Oregon
Northeast region	Regional business recruitment marketing strategy	<ul style="list-style-type: none"> • Business development • Team Oregon food processing 	Business Oregon