

DEPARTMENT OF AGRICULTURE
FY 09 SUPPLEMENTAL BUDGET BRIEFING

Departmental Overview

Department-Wide Budget Summary Information:

1. Totals for department FY 08 budget with restrictions (where applicable) and emergency requests and FY 09 proposed operating budget adjustments by means of financing (see attachment 1).

For FY 08, there are no general fund restrictions or emergency requests. For FY 09, we are requesting a net increase above the budget ceiling of two positions and \$837,626 for all means of financing. Attachment 4 provides a listing of the individual budget requests for FY 09.

2. Identify any emergency requests (by title and amount) that your department will be seeking for the current fiscal year (see attachment 2). If none, please indicate "none".

The department is not requesting any emergency appropriations for FY 08.

3. Provide a summary of your FY 09 proposed operating budget adjustments by Program ID (see attachment 3). This summary should provide the aggregate of adjustments by Program ID and means of financing.

Attachment 3 reflects the sum total of all budget requests within each Program ID for FY 09.

4. Provide a description of all FY 09 proposed operating budget adjustments by Program ID (see attachment 4).

Attachment 4 provides a listing of the individual budget requests within each Program ID for FY 09.

5. Provide a listing of all FY 09 capital improvement projects (see attachment 5) in priority order.

Attachment 5 reflects the department's capital improvement program budget request of \$3,107,000 in general obligation bond funds and \$106,000 in federal funds in FY 09 for four projects.

6. Briefly discuss specific budget adjustments of concern for your agency.

The department requests the adjustments reflected in the budget submittal.

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7. Provide a summary of your department's request to the Department of Budget and Finance, the funding decisions made by the Department of Budget and Finance, and the funding decisions finalized by the Governor (see attachment 6).

Attachment 6 reflects the department's FY 09 supplemental operating budget request submittal and subsequent adjustments made by the Department of Budget and Finance and the Governor.

8. Explain the process used to identify priorities (requests for additional operating and capital improvements program funding) for your department including which category the requests for additional funding fall into: a. program initiatives of the Governor, b. certain unavoidable fixed costs and/or entitlements, or c. on-going critical programs which lack continued funding.

Programs were instructed that operating requests in the supplemental budget for additional funding above the current budget ceiling were limited to requests to meet the Governor's high priority program initiatives, fund increases in certain unavoidable fixed costs and entitlements such as debt service, fringe benefits, Medicaid and financial assistance programs, fund critical unanticipated emergencies relating to public health and safety or unforeseen, immediate requirements of court orders or federal mandates, fund on-going critical program, functions, or activities which were funded in FY 08 but not funded in FY 09, and fund other requirements critical to the continuation of the program's operations. Programs were also encouraged to redistribute resources from lower to higher priority areas by trading-off or transferring between cost elements and programs within means of financing in order to bring about greater efficiency. Programs were also instructed to review non-general fund ceilings to determine if any adjustments were necessary to accommodate increased expenditures for federal or other funds.

The department's budget submittals for additional funding fall into the categories of Governor's priority initiatives, public health and safety and other requirements critical to program's operations.

9. Discuss how requests for additional operating and capital improvements program funding were prioritized and discuss the manner in which community, departmental, and legislative input was gathered and utilized to determine priorities.

The department used the following criteria to prioritize its budget requests:

- 1) Public health and safety,
- 2) Governor's high priority program initiatives,
- 3) Trade-offs and transfers to bring about greater efficiency, and
- 4) Other requirements critical to the program's operation.

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In prioritizing these requests, consideration was also given to items that received strong community and legislative support.

10. Briefly discuss what actions your department has taken or is planning to take to reduce operating costs, and how those actions will translate into savings that may be reduced from your budget (see attachment 7).

Program managers have been instructed to exercise care and prudence in all expenditure and hiring decisions.

11. Identify all positions that are vacant as of December 1, 2007. For each of these positions please indicate if authority for your department to hire was or was not granted (see attachment 8).

Attachment 8 reflects positions that are vacant as of December 1, 2007.

12. Provide a listing of all instances of your department's expenditures exceeding the federal fund ceiling for FY 07 and FY 08 (see attachment 9).

Attachment 9 identifies expenditures exceeding the federal fund ceiling for FY 07 and FY 08.

13. Provide a listing of all budget appropriations transferred to another Program ID and/or another department in FY 07 and FY 08 (see attachment 10).

Attachment 10 reflects \$50,000 in general fund transfers made between programs within the department in FY 07 to cover increased operating costs related to the October 15, 2006 earthquake. Currently, there have been no transfers in FY 08.

14. Provide a listing of all positions currently deployed from your department (see attachment 11).

There are no deployed positions in the Department.

Attachment 1
Department-Wide Summary Information
Totals for Proposed Department Budget Adjustments (by Method of Funding)

FY08				
MOF	Act 213/07 Appropriation (a)	Restriction (b)	Emergency Request (c)	Total FY08 (a)+(b)+(c)
A	18,341,469			18,341,469
B	8,095,769			8,095,769
N	1,907,276			1,907,276
T	812,962			812,962
U	2,345,674			2,345,674
W	11,103,701			11,103,701
Dept. Totals	42,606,851			42,606,851

FY09				
MOF	Act 213/07 Appropriation (d)	Reduction (e)	Addition (f)	Total FY09 (d)+(e)+(f)
A	17,294,198			17,294,198
B	5,091,769		728,126	5,819,895
N	1,892,776		109,500	2,002,276
T	812,962			812,962
U	1,845,674			1,845,674
W	11,103,701			11,103,701
Dept. Totals	38,041,080		837,626	38,878,706

Please indicate restrictions and reductions as negative numbers, using brackets ()

Attachment 2
Department-Wide Summary Information
Fiscal Year 08 Proposed Emergency Requests

<u>Program ID</u>	<u>MOF</u>	<u>Title of Emergency Requests</u>	<u>FTE</u>	<u>\$ Amount</u>
		None		
Dept. Totals by MOF			-	-

Attachment 3
Department-Wide Summary Information
Fiscal Year 09 Proposed Budget Adjustments

<u>Program ID</u>	<u>MOF</u>	<u>Program ID Title</u>	<u>FTE</u>	<u>\$ Amount</u>
AGR 122	B	Plant Pest and Disease Control	-	565,464
AGR 141	B	Agricultural Resource Management	2.00	142,662
AGR 171	B	Agricultural Development and Marketing		20,000
AGR 171	N	Agricultural Development and Marketing		109,500
Dept. Totals by MOF			2.00	837,626
			B 2.00	728,126
			N	109,500

Attachment 4
Fiscal Year 09 Proposed Budget Adjustments

<u>Program I.D.</u>	<u>Description of Adjustment</u>	<u>FTE</u>	<u>\$ Amount</u>	<u>MOF</u>
AGR 101	Collective Bargaining		19,957	B
AGR 122	Establish ceiling for Pest Inspection, Quarantine, and Eradication Fund		565,464	B
AGR 122	Collective Bargaining		253,000	A
AGR 122	Collective Bargaining		7,086	N
AGR 131	Collective Bargaining		85,662	B
AGR 132	Collective Bargaining		33,600	A
AGR 132	Collective Bargaining		31,313	U
AGR 141	Add position and funds to Agricultural Park Program	0.50	38,907	B
AGR 141	Add positions and funds to Non-Agricultural Park Program	1.50	103,755	B
AGR 141	Collective Bargaining		4,700	A
AGR 141	Collective Bargaining		4,972	B
AGR 141	Collective Bargaining		30,754	W
AGR 151	Collective Bargaining		8,500	A
AGR 153	Collective Bargaining		5,271	A
AGR 161	Collective Bargaining		33,456	W
AGR 171	Continue ceiling for Seal of Quality Special Fund		20,000	B
AGR 171	Increase federal fund ceiling to accept and expend federal funds for the promotion of specialty funds		109,500	N
AGR 171	Collective Bargaining		65,600	A
AGR 192	Collective Bargaining		52,000	A
AGR 812	Collective Bargaining		13,000	A
AGR 846	Collective Bargaining		11,000	A
AGR 846	Collective Bargaining		10,000	N

Attachment 5
FY09 Capital Improvements Program Summary

<u>Priority</u>	<u>Project Title</u>	<u>FY09 \$ Amount</u>	<u>MOF</u>
1	Waimea Transfer Ditch, Hawaii	2,200,000	C
2	Molokai Hydropower Plant, Molokai	150,000	C
3	Miscellaneous Health, Safety, Code and Other Requirements, Statewide	700,000	C
4	Waiahole Water System Improvements, Oahu	57,000	C
		106,000	N

**Attachment 6
FY09 Request Decisions**

Department Priority	Program ID	Description	MOF	Department			Budget and Finance			Governor's Final Decision		
				Perm. FTE	Temp. FTE	\$ Amount	Perm. FTE	Temp. FTE	\$ Amount	Perm. FTE	Temp. FTE	\$ Amount
1	AGR 122/EB	Establish Ceiling for Pest Inspection Quarantine and Eradication Special Fund. Add (2.0) Permanent Account Clerk III positions	B	2.00		565,464			565,464			565,464
2	AGR 141/HA	Add (0.33) Property Manager VI, (0.33) Engineer VI, positions and upgrade (.50) temp Clerk Typist II to (.50) perm. Clerk Typist III position and funds to Irrigation System Revolving Fund	W	1.16	(0.50)	62,642						
2	AGR 141/HA	Add (0.33) Property Manager VI, (0.33) Engineer VI positions and Upgrade (0.50) temp Clerk Typist II to (.50) perm Clerk Typist III position and Positions and Funds to Agricultural Park Program	B	1.16	(0.50)	62,642	0.50		38,907	0.50		38,907
2	AGR 141/HA	Add (0.34) Property Manager VI, (3.34) Engineer VI and (1.0) Property Manager IV for the Non-Agricultural Park Fund	B	1.68		120,457	1.50		103,755	1.50		103,755
3	AGR 192/AA	Add (1.0) perm. Planner VI and (1.0) temp. Agricultural Advocate Positions	A	2.00		111,728						
4	AGR 151/BB	Add (1.0) Resource Allocation Systems Analyst VII and funds for Food Safety Program	A	1.00		220,024						
5	AGR 161/KA	Increase Hawaii Agricultural Development Revolving Fund Ceiling for Wahiawa Irrigation System Maintenance and Kekaha Land purchase	W			950,000						
6	AGR 171/BE	Continue Ceiling for Seal of Quality Special Fund	B			20,000			20,000			20,000
7	AGR 171/BE	Add Funds for Buy Fresh, Buy Local Campaign	A			75,000						

**Attachment 6
FY09 Request Decisions**

Department Priority	Program ID	Description	MOF	Department			Budget and Finance			Governor's Final Decision		
				Perm. FTE	Temp. FTE	\$ Amount	Perm. FTE	Temp. FTE	\$ Amount	Perm. FTE	Temp. FTE	\$ Amount
8	AGR 141/HA	Add (1.00) Irrigation District Manager and (3.0) Irrigation System Workers and funds to Irrigation System Revolving Fund	W	4.00		215,208						
		Appropriate General Funds into the Irrigation System Revolving Fund	A			215,208						
9	AGR 122/ED	Increase Federal Fund Ceiling and (2.0) temp Entomologist III, (2.0) temp Clerk Typist II, and (20.0) temp Pest Control Tech III positions for Control of the Varroa Mite	N		24.00	1,577,841						
10	AGR 171/BA	Increase Federal Fund Ceiling for Specialty Crop Promotion	N			109,500			109,500			109,500

**ATTACHMENT 8
DEPARTMENT OF AGRICULTURE
ALL POSITIONS VACANT AS OF 12/1/07**

Date of Vacancy	Program ID	Position Title	Position #	Exempt (Y/N)	Budgeted Amount	Actual Salary Last Employee Paid	MOF	Authority to Hire (Y/N)	Comments
09/01/05	101 GA	BUSINESS LOAN OFFCR I	33982	N	47448	33982	B	N	Incumbent resigned to accept position with Federal Government.
11/01/07	122 EB	PLANT QUARANTINE INSPECTOR III	2847	N	43836	45588	A	N	Incumbent promoted to PQ Inspector V.
12/31/06	122 EB	PLANT QUARANTINE INSPECTOR IV	10461	N	45018	60024	A	Y	Incumbent retired. Position filled via temporary assignment. Gov approved fill. Internal recruitment done; recommendation made - awaiting approval by Chairperson. Appointment to be made prior to 12/31/07.
12/30/06	122 EB	PLANT QUARANTINE INSPECTOR V	12569	N	55200	67536	A	Y	Incumbent retired. Position filled on temporary assignment basis. Governor approved fill. Internal recruitment concluded; recommendation made. Awaiting approval by Chairperson. Appointment to be made prior to 12/31/07.
05/04/07	122 EB	PLANT QUARANTINE INSPECTOR III	21829	N	51312	51312	A	Y	Incumbent promoted to PQ Inspector V (Education Spclt), #118167. Governor approved fill. Recruitment/interviews ongoing.
05/17/06	122 EB	PLANT QUARANTINE INSPECTOR I	26226	N	23940	34824	A	Y	Incumbent resigned to accept position with USDA. Governor approved fill. Recruitment/interviews ongoing.
07/01/05	122 EB	PLANT QUARANTINE INSPECTOR III	26227	N	33312	42576	A	Y	Incumbent resigned due to personal reasons. Gov approved fill. Interviews conducted, selection made/approved.. Applicant started 12/5/07.
04/23/07	122 EB	PLANT QUARANTINE INSPECTOR III	27813	N	53352	62424	A	Y	Incumbent promoted to PQ Inspector V. Governor approved fill. Recruitment/interviews ongoing.
10/21/07	122 EB	PLANT QUARANTINE INSPECTOR III	38797	N	49332	51300	A	N	Incumbent promoted.
06/01/07	122 EB	PLANT QUARANTINE INSPECTOR III	38798	N	44872	55500	A	Y	Incumbent retired. Governor approved fill. Recruitment/interviews ongoing.
10/22/07	122 EB	PLANT QUARANTINE INSPECTOR IV	43148	N	60024	62424	A	N	Incumbent promoted.
11/01/07	122 EB	PLANT QUARANTINE INSPECTOR I	117890	N	33312	42144	A	N	Incumbent resigned to relocate with family to mainland.
06/30/07	122 EB	PLANT QUARANTINE INSPECTOR III	118157	N	24651	33312	A	Y	Incumbent resigned - personal reasons. Governor approved fill. Recruitment/interviews ongoing.
08/29/06	122 EB	PLANT QUARANTINE INSPECTOR III	118158	N	24651	N/A	A	Y	Vacancy date = established date. Previously #97020A. Gov apprvd fill. Recruitment by HRD ongoing.
08/29/06	122 EB	PLANT QUARANTINE INSPECTOR III	118159	N	24651	N/A	A	Y	Vacancy date = est date. Previously #97021A. Gov apprvd fill. Recruitment/interviews ongoing.
08/02/07	122 EB	PLANT QUARANTINE INSPECTOR III	118161	N	24651	34644	A	N	Incumbent resigned.

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08/30/06	122 EB	PLANT QUARANTINE INSPECTOR III	118165	N	28824	N/A	A	Y	Vacancy date = est date. Previously #97042A. Gov apprvd fill. Interviews conducted, selection made/approved. Awaiting pre-employment physical.
07/01/06	122 EB	PLANT QUARANTINE INSPECTOR V	97043A	N	35112	N/A	A	Y	Vacancy date = date position approved per Act 160, SLH 2006. Reorganization needed prior to establishment of position. Gov approved fill.
07/01/06	122 EB	PLANT QUARANTINE INSPECTOR IV	97045A	N	31188	N/A	A	Y	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established. Gov approved fill.
03/01/06	122 EB	PLANT QUARANTINE INSP III	46836	N	33312	34824	N	Y	Incumbent transferred to Pos. # 26226 (reg. PQ Insp position.) Gov approved fill. Recruitment/interviews ongoing.
08/29/06	122 EB	PLANT QUARANTINE INSPECTOR I	46837	N	37488	34824	N	Y	Incumbent transferred to permanent pos. #117890. Gov approved fill. Recruitment/interviews ongoing.
08/29/06	122 EB	PLANT QUARANTINE INSPECTOR I	46838	N	37488	34824	N	Y	Incumbent transferred to permanent position #117891. Gov approved fill. Recruitment/interviews ongoing.
03/16/99	122 EB	PLANT QUARANTINE INSPECTOR I	47966	N	33312	33000	N	Y	Incumbent accepted permanent Plant Quarantine Inspector position. Governor approved fill.
04/16/07	122 EB	PLANT QUARANTINE INSPECTOR I	110013	N	37488	40524	U	Y	Incumbent transferred to Commodities program. Governor approved fill. Recruitment/interviews ongoing.
12/01/05	122 EB	PLANT QUARANTINE INSPECTOR III	117739	N	33312	N/A	U	Y	Vacancy date = established date. Act 178,SLH 2005. (Previously #96004A.) Interviews conducted, selection made, offer accepted. Start date 1/2/08.
12/01/05	122 EB	PLANT QUARANTINE INSPECTOR III	117740	N	33312	N/A	U	Y	Vacancy date = established date. Act 178, SLH 2005. (Previously #96005A.) Recruitment/interviews ongoing.
06/01/07	122 EB	PLANT QUARANTINE INSPECTOR III	117741	N	37488	40512	U	Y	Incumbent transfered to Honolulu position. Governor approved fill. Recruitment/interviews ongoing.
12/01/05	122 EB	PLANT QUARANTINE INSP III	117746	N	33312	34644	U	Y	Vacancy date = established date. Act 178, SLH 2005. (Prev #96011A.) Interviews conducted, recommendation made/approved. Position filled 12/10/07.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97046A	N	26664	N/A	U	Y	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established. Gov approved fill.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97047A	N	26664	N/A	U	Y	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established. Gov approved fill.

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07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97048A	N	26664	N/A	U	Y	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established. Gov approved fill.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97049A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97050A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97051A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97052A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97053A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97054A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97055A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
07/01/06	122 EB	PEST CONTROL TECHNICIAN III	97056A	N	26664	N/A	U	N	Vacancy date = date position approved per Act 160, SLH 2006. Position not yet established.
08/01/07	122 EC	PEST CONTROL TECHNICIAN III	40350	N	35100	36504	A	Y	Incumbent retired. Governor approved fill. Interviews completed, recommendation made/approved. Job offer made/accepted - awaiting pre-employment physical.
07/01/07	122 EC	PLANT PATHOLOGIST	118850	N	31188	N/A	A	Y	Act 213, SLH 2007. Gov approved fill; position established. (Previously #98001A.) Internal recruitment in progress.
07/01/07	122 EC	ENTOMOLOGIST IV	118851	N	31188	N/A	A	Y	Act 213, SLH 2007. Gov approved fill; position established. (Previously #98002A.) Awaiting list of eligibles from HRD.
07/01/07	122 EC	PEST CONTROL TECHNICIAN III	98003A	N	19731	N/A	A	Y	Position not yet established. Act 213, SLH 2007. Governor approved fill.
07/01/07	122 EC	PEST CONTROL TECHNICIAN III	98004A	N	19731	N/A	A	Y	Position not yet established. Act 213, SLH 2007. Awaiting Governor's approval to fill.
07/01/07	122 EC	CLERK TYPIST II	98005A	N	29937	N/A	A	Y	Position not yet established. Act 213, SLH 2007. Gov approved fill.
11/21/06	122 EC	ENTOMOLOGIST V	118280	N	47448	N/A	N	Y	Gov approved fill. Recruitment completed, recommendation made/approved, job offer accepted. Applicant started 12/18/07.

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11/21/06	122 EC	PEST CONTROL TECHNICIAN III	118281	N	26664	N/A	N	N	Vacancy date = established date. Gov apprvd fill. Recruitment by HRD ongoing. Interviews to be conducted shortly.
07/01/07	122 EC	ENTOMOLOGIST V	98006A	N	47448	N/A	N	N	Position not yet established. Act 213, SLH 2007.
07/01/07	122 EC	ENTOMOLOGIST IV	98007A	N	42140	N/A	N	N	Position not yet established. Act 213, SLH 2007
07/01/07	122 EC	PEST CONTROL TECHNICIAN III	98008A	N	27768	N/A	N	N	Position not yet established. Act 213, SLH 2007.
12/31/04	131 DB	QUARAN STATIONS OPTNS SUPVR	4434	N	37944	39456	B	Y	Incumbent retired. Gov apprvd fill. Program awaiting est of new class by HRD; recruitment to be conducted once complete.
11/01/07	131 DB	BUILDING MAINTENANCE WORKER I	10766	N	39864	41460	B	Y	Incumbent retired. Awaiting recruitment by HRD.
10/10/05	131 DB	ACCOUNT CLERK III	17731	N	26664	33912	B	Y	Incumbent returned to former position. Recruitment/interviews continue.
07/23/07	131 DB	CLERK TYPIST II	36601	N	23736	24684	B	Y	Incumbent resigned. Awaiting list of applicants from HRD.
03/19/07	131 DB	VETERINARY TECHNICIAN	44919	N	35100	35100	B	Y	Gov apprvd fill. Interviews conducted, selection and recommendation made/approved. Applicant started 12/10/07.
08/15/05	131 DB	CLERK TYPIST II	21820	N	13292		B	Y	As needed position for workload increases. Gov approved fill on as needed basis. Last salary paid unknown.
02/26/06	131 DB	QUARANTINE ANIMAL CARETAKER I	110129	N	8349		B	Y	As needed position for workload increases. Gov. approved fill as needed. Last salary paid unknown.
09/14/00	131 DB	QUARANTINE ANIMAL CARETAKER I	110130	N	13358		B	Y	As needed position for workload increases. Gov. approved fill as needed. Last salary paid unknown.
N/A	131 DB	QUARANTINE ANIMAL CARETAKER I	110131	N	8349	8682	B	Y	As needed position for workload increases. Gov. approved fill as needed; filled.
N/A	131 DB	QUARANTINE ANIMAL CARETAKER I	110132	N	8349	8682	B	Y	As needed position for workload increases. Gov. approved fill as needed; filled.
05/01/06	131 DB	QUARANTINE ANIMAL CARETAKER I	110133	N	8349		B	Y	As needed position for workload increases. Governor granted fill as needed. Last salary paid unknown.
08/16/03	131 DB	QUARANTINE ANIMAL CARETAKER I	110134	N	8349		B	Y	As needed position for workload increases. Governor granted fill as needed. Last salary paid unknown.
N/A	131 DB	QUARANTINE ANIMAL CARETAKER I	110135	N	8349	8682	B	Y	As needed position for workload increases. Governor granted fill as needed; filled.
06/10/02	131 DB	QUARANTINE ANIMAL CARETAKER I	110136	N	8349		B	Y	As needed position for workload increases. Governor granted fill as needed. Last salary paid unknown.
05/04/04	131 DB	QUARANTINE ANIMAL CARETAKER I	110142	N	8349		B	Y	As needed position for workload increases. Governor granted fill as needed. Last salary paid unknown.

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N/A	131 DB	CLERK TYPIST II	110146	N	5934	6171	B	Y	As needed position for workload increases. Governor approved fill as needed; filled.
05/06/07	131 DB	CLERK TYPIST II	110147	N	5934	5934	B	Y	As needed position for workload increases. Gov. approved fill as needed.
N/A	132 DC	VETERINARY MEDICAL OFFICER II	2828	N	51312	51552	A	Y	Filled on limited term, part-time basis. Position full time eff 7/1/07. Awaiting recruitment by HRD.
08/13/07	132 DC	LIVESTOCK INSPECTOR I	118624	N	26664	N/A	U	Y	Governor approved establish and fill. Awaiting recruitment by HRD.
N/A	132 DC	QUARANTINE ANIMAL CARETAKER I	45639	N	36120	36120	U	Y	Governor approved fill. Awaiting recruitment by HRD. Position filled on TAOL basis.
07/01/07	132 DC	VETERINARY MEDICAL OFFICER II	118397	N	55000	N/A	N	Y	Act 213, SLH 2007. Previously 98009A. Eff. 7/1/07 FTE 1.00. HRD to recruit.
03/25/06	132 DD	LABORATORY ASSISTANT II	11897	N	17535	24792	A	Y	Incumbent resigned - to private sector. Gov approved fill. Interviews conducted, recommendation made/approved. Job offered/accepted. Awaiting pre-employment physical.
07/01/07	132 DD	LIVESTOCK INSPECTOR I	98010A	N	26664	N/A	N	N	Act 213, SLH 2007. Position to be established shortly. Vacancy date = est date. (Previously 95003A.) Gov approved fill.
01/13/06	141 HA	ACCOUNT CLERK III	117791	N	26664	N/A	B	Y	Act 213, SLH 2007. Gov apprvd fill. Position to be established shortly, with internal recruitment to follow.
07/01/07	141 HA	ENGINEER V	98011A	N	63780	N/A	B	Y	Incumbent resigned. Position filled w/ 89-day hire to assist with aftermath of October 2006 earthquake.
03/25/96	141 HA	CLERK TYPIST II	47967	N	11868	9402	B	Y	Incumbent promoted to Irrigation System Supervisor. Governor approved fill. Awaiting recruitment by HRD.
03/01/07	141 HA	IRRIGATION SYST SERVICE WKR II	12994	N	26730	36120	W	Y	Incumbent resigned to work at HI County Board of Water Supply. Gov apprvd fill. Filled with 89-day hire. Interviews conducted; conditional job offer made/accepted. Awaiting suitability clearance of applicant by HRD.
12/16/06	141 HA	IRRIGATION SYST SERVICE WKR I	12995	N	24261	33396	W	Y	Incumbent resigned. Position filled w/ 89-day hire to assist with aftermath of October 2006 earthquake.
03/25/96	141 HA	CLERK TYPIST II	47967	N	11868	9402	W	Y	Incumbent retired. Awaiting Gov's approval to fill.
12/01/07	151 BB	AGRIC COMMOD MKTG SPCLT V	5272	N	55830	70236	A	Y	Incumbent promoted to Ag Commodities Mktg Spclt V.
11/01/07	151 BB	AGRIC COMMOD MKTG SPCLT IV	8527	N	51312	53364	A	N	Incumbent retired. Position was filled on temporary assignment basis. Position being redescribed and involved in possible reorganization of branch.
09/01/05	151 BB	AGRIC COMMOD MKTG SPCLT VI	10673	N	47448	68172	A	N	

**ATTACHMENT 8
DEPARTMENT OF AGRICULTURE
ALL POSITIONS VACANT AS OF 12/1/07**

Date of Vacancy	Program ID	Position Title	Position #	Exempt (Y/N)	Budgeted Amount	Actual Salary Last Employee Paid	MOF	Authority to Hire (Y/N)	Comments
06/08/07	151 BB	AGR COMM AID I	111627	Y	26832	24,752	W	Y	Temporary position - certification services. Governor approved fill as needed.
04/29/06	151 BB	AGR COMM AID I	111632	Y	26832	26,832	W	Y	Temporary position - certification services. Governor approved fill as needed.
06/21/07	151 BB	AGR COMM AID I	111633	Y	26832	27,771	W	Y	Temporary position - certification services. Governor approved fill as needed.
12/01/05	151 BF	MILK CONTROL PRGM SPCLT	35692	N	51312	55764	B	Y	Incumbent retired; Gov approved fill. Recruitment by HRD ongoing. Awaiting new list of applicants from HRD.
03/01/07	151 BF	ECONOMIC DEVELOPMENT SPCLT IV	35697	N	60024	49332	B	N	Incumbent retired.
04/14/07	153 CD	LABORATORY ASSISTANT III	38206	N	27768	27768	A	Y	Incumbent resigned to return to school. Governor approved fill. Interviews conducted, recommendation made/approved, conditional job offer made/accepted. Awaiting pre-employment physical.
09/01/07	153 CD	INFORMATION SPECIALIST IV	38209	N	51312	53364	A	Y	Incumbent resigned. Governor approved fill. Awaiting list of applicants from HRD.
12/31/06	153 CD	AQUACULTURE PROGRAM MGR	38212	N	90780	90780	A	Y	Incumbent retired. Position filled on temporary assignment basis. Class specifications and minimum qualification requirements being amended. Recruitment to commence once completed.
12/01/05	153 CD	HEALTH MANAGEMENT ASSOCIATE	103084	Y	28860	32616	N	N?	Incumbent resigned.
07/01/07	161 KA	PROJECT MANAGER	98012A	Y	44196	N/A	W	N	Position not yet established. Act 213, SLH 2007. Awaiting Governor's approval to establish and fill.
09/05/07	171 BA	SECRETARY III	35620	N	35100	36504	A	Y	Incumbent resigned. Position being filled on temporary assignment basis. Governor approved fill. Internal recruitment ongoing - to be filled shortly.
07/01/07	171 BE	ECONOMIC DEVELOPMENT SPCLT IV	98013A	N	33312	N/A	A	Y	Act 213, SLH 2007. Gov approved establishment & fill of position. Awaiting list of applicants from HRD.
06/01/07	192 AA	PERSONNEL CLERK IV	11574	N	33756	33756	A	Y	Incumbent retired. Gov approved fill. Interviews conducted; recommendation made/approved. Conditional job offer made - awaiting pre-employment physical.
08/26/06	812 CA	MEASUREMENT STANDARDS INSP IV	14943	N	39456	38124	A	Y	Gov apprvd fill. Incumbent discharged due to lack of performance. Grievance filed - outcome to be determined by Merit Appeals Board; possibility of reinstatement.
03/16/06	812 CA	MEASUREMENT STANDARDS INSP IV	14947	N	33756	44604	A	Y	Incumbent accepted promotion with Dept. of Human Services. Gov apprvd fill. Awaiting recruitment by HRD.

**ATTACHMENT 8
DEPARTMENT OF AGRICULTURE
ALL POSITIONS VACANT AS OF 12/1/07**

Date of Vacancy	Program ID	Position Title	Position #	Exempt (Y/N)	Budgeted Amount	Actual Salary Last Employee Paid	MOF	Authority to Hire (Y/N)	Comments
07/01/03	812	CA MEASUREMENT STANDARDS INSP V	15582	N	26664	37968	A	Y	Incumbent retired. Gov apprvd fill. Interviews conducted - recommendation to be submitted shortly.
11/01/07	846	EE PESTICIDE SPECIALIST III	28201	N	49332	51300	A	Y	Incumbent promoted.
02/06/07	846	EE PESTICIDE SPECIALIST III	35757	N	47448	45612	A	Y	Incumbent accepted position as Noxious Weed Specialist. Gov approved fill. Interviews conducted, selection made/approved. Applicant started 12/20/07.
04/16/05	846	EE PESTICIDE SPECIALIST III	36578	N	38952	37836	A	Y	Incumbent accepted Research Statistician position. Gov approved fill. Interviews conducted, job offer made but declined. Recruitment by HRD continues.
05/01/07	846	EE PESTICIDE SPECIALIST III	41858	N	49332	49332	W	Y	Incumbent accepted promotion with Dept. of Health. Governor approved fill. Internal recruitment conducted; recommendation forthcoming.- appointment expected by 12/28/07.

Attachment 9

Listing of Expenditures Exceeding Federal Fund Ceiling for FY07 and FY08

<u>Program ID</u>	<u>FY07 Ceiling</u>	<u>FY07 Expenditures</u>	<u>FY08 Ceiling</u>	<u>FY08 Expenditures</u>	<u>Reason for Exceeding Ceiling</u>	<u>Recurring (Y/N)</u>
AGR 132	0	139,824	456,730		Received funds for Scrapie, Johne's Disease, Foreign Animal Diseases, Swine Health, National Animal Information System, Bovine Tuberculosis and Homeland Security activities	Y

Attachment 10
Listing of Transfers for FY07 and FY08

<u>Program ID</u>	<u>FY07 Ceiling</u>	<u>FY07 Amount Transferred</u>	<u>FY08 Ceiling</u>	<u>FY08 Amount Transferred</u>	<u>Reason for Transfer</u>	<u>Recurring (Y/N)</u>
AGR 141		\$50,000			Funds for increased operating costs due to October 15, 2006 earthquake	N
AGR 122		(\$15,000)			Transfer general funds to AGR 141 for increased operating costs due to October 15, 2006 earthquake.	N
AGR 153		(\$6,500)			Transfer general funds to AGR 141 for increased operating costs due to October 15, 2006 earthquake.	N
AGR 171		(\$20,100)			Transfer general funds to AGR 141 for increased operating costs due to October 15, 2006 earthquake.	N
AGR 812		(\$8,400)			Transfer general funds to AGR 141 for increased operating costs due to October 15, 2006 earthquake.	N

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 01

Program I.D. and Title: AGR 101 - Financial Assistance for Agriculture

I. Introduction

A. Summary of Program Objectives

To promote the agricultural and aquacultural development of the State by stimulating, facilitating, and granting loans and providing related financial services to qualified farmers, new farmers, food manufacturers, and aquaculturists that meet program qualification requirements.

B. Description of Program Activities

Assist farmers, food manufacturers, and aquaculturalists in securing credit from private lenders through participation with lenders, insuring private lender loans, cooperating with other lenders, or on a direct basis. Special emphasis is placed on loan servicing, including management and financial counseling on participation and direct loans.

C. Explain how your Program intends to meet its objectives within the upcoming supplemental year.

The program intends to meet its objectives by continuing to provide financial assistance either on a direct basis or in participation with private lenders to the agricultural and aquacultural industries in the State. The program plans to focus on increased customer service and to continue adapting the program to changes in the lending industry and needs of the farming community.

II. Program Performance Results

A. Discuss the performance results achieved by your Program in FY 2007.

During FY 2007, 22 agriculture loans totaling \$1,404,900 and 2 aquaculture loans totaling \$42,500 were approved while \$3.34 million in payments was collected.

For FY 2007, the program's delinquency rate was 10.31%, which is close to the target of 10%. It should be noted that the delinquency rate includes all accounts that have been referred to the Attorney General's Office for collection.

- B. Explain how these results relate to the program's objectives and the department's mission.

The program's results are directly related to the program's objective and the department's mission of fostering economic development by stimulating, facilitating and granting loans to farmers and aquaculturists. The number of loans approved and the dollar amounts indicate demand for the program and the assistance provided to the agricultural and aquacultural communities and the State's economy. Collection amounts are important as the program operates via a revolving fund. The principal collected funds future loans while interest collected pays for all of the program's expenses. Any excess in the interest fund may be transferred to the revolving fund to fund loans. The delinquency rate allows the Division to monitor the effectiveness of its collection efforts and is an indication of the health of the program's portfolio.

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The program's measure of effectiveness is acreage cultivated by the program's borrowers. The acreage cultivated for FY 2006 was 53,467 acres and for FY 2007 was 48,818 acres. The decrease in acreage is attributed in the decline in the division's overall loan portfolio.

- D. Discuss actions taken by your Program to improve its performance results.

The program is focusing on improving service to clients by providing training to staff and improving internal procedures and policies. The program increased outreach to farmer groups by increasing attendance at appropriate agricultural conventions and conferences. This has led to greater awareness of the program and loan products. The program also continues to work with private lenders to inform them of lending opportunities in agriculture and to encourage them to work with the Division as it reduces their risk while providing increased funding for the farmers and stretches limited State funding.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

N/A

III. Issues and Problems

- A. Discussion of Problems or Issues Encountered by Program

A current issue for the Division is that loan payoffs have been exceeding the number of loans approved resulting in a reduced loan portfolio. The program is funded through interest collected and the smaller loan portfolio will result in lower interest collections. The decline is attributed to a variety of factors with the main reason being lack of affordable agricultural lands for purchase and lack of long term affordable leases. Other factors include selling of farm lands due to the strong real estate market, refinance of farm

loans by mortgage lenders seeking increased loan amounts and collateral position and finally the relatively high interest rate charged by the Division in comparison with mortgage rates.

B. Program Change Recommendations to Remedy Problems

The program's intent is to increase the Division's portfolio by increasing the number of loans approved. This is a comprehensive program and consists of the following:

- 1) The program intends to streamline the micro-loan program. This would be accomplished by reducing paperwork and by introducing legislation to increase the Chairperson's authority for loan approval from \$25,000 to \$75,000 to allow for faster approval for smaller loans.
- 2) The program has increased its focus on servicing existing clients to develop a reputation as being a service to borrowers with the intent of generating additional referrals.
- 3) Loan officers are being instructed to assist applicants to make the loan application process as user-friendly as possible.
- 4) The program continues its outreach to the farming and aquaculture communities as well as private financial institutions.

C. Identify any program issues or problems that have affected or will affect the implementation of the program and the corrective measures or remedies established or planned.

The demand for agriculture and aquaculture loans is highly dependent on issues and problems that affect the agriculture and aquaculture industries as well as the State's overall economy. Examples of these issues are current land prices within the State which have made purchase of farm land prohibitive for most farm operations, farm leases/licenses are generally short making capital improvements unfeasible and increased food safety requirements.

FB 2008-09 Supplemental Budget Request- AGR 101

IV. Expenditures for FY 2007-08

	Appropriation Act 213/07 FY 08	Collective Bargaining Augmentation	Transfer In/Out	Restriction/ Specific Appn	Net Allocation Est. Total Expenditure
(Pos Ct)	(10.00)				(10.00)
Pers Svcs	770,377	19,957			790,334
Current Expenses	5,334,659				5,334,659
Equipment					
Motor Vehicles	(10.00)				(10.00)
Total	6,105,036	19,957			6,124,993
Less:					
(Pos.Ct)	(10.00)				(10.00)
Special	1,105,036	19,957			1,124,993
(Pos Ct) Trust					
(Pos Ct) Revolving	5,000,000				5,000,000

- A. Explain all transfers within the program I.D. and its impact on the program. N/A
- B. Explain all transfers between program I.D.s and its impact on the program. N/A
- C. Explain all Governor's restrictions and the impact on the program. None

FB 2008-09 Supplemental Budget Request- AGR 101

V. Supplemental Budget Request for Fiscal Biennium 2008-09

	<u>Act 213/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 08-09</u>	<u>Total Requirement</u>
(Pos Count)	(10.00)		(10.00)
Personnel Svcs	770,377		770,377
Current Expenses	5,334,659		5,334,659
Equipment			
Motor Vehicle			
	(10.00)		(10.00)
TOTAL REQUIREMENTS	6,105,036		6,105,036
LESS:			
(Pos Ct)	(10.00)		(10.00)
Special	1,105,036		1,105,036
(Pos Ct)			
Revolving	5,000,000		5,000,000

Description and Explanation of Each Request.

There are no Supplemental Budget Requests.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2008-09. None

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 02 01

Program I.D. and Title: AGR 122 - Plant Pest and Disease Control

I. Introduction

A. Summary of Program Objectives

To protect Hawaii's agricultural and horticultural industries, natural resources, and general public by preventing the introduction and establishment of harmful insects, diseases, illegal non-domestic animals, and other pests; to conduct effective plant pest control activities; and to enhance agricultural productivity and agribusiness development by facilitating export shipments of agricultural and horticultural materials and products.

B. Description of Program Activities

This program protects Hawaii's agricultural industries and natural resources against the entry and spread of harmful insects, noxious weeds, disease, and other pests, facilitates the export and inter-island movement of certain plant materials, and protects Hawaii's farmers and growers from the sale of low-quality seeds through the following two programs:

Plant Quarantine Branch. Issues import permits for non-domestic animals, plants, and microorganisms; inspects cargo and baggage of arriving aircraft, and domestic and military aircraft and surface vessels for pests that are detrimental to agriculture, the environment, and humans; inspects mail parcels (other than first class mail); inspects horticultural materials transported between the islands; and inspects, treats when required, and certifies agricultural products and materials for export to the U.S. mainland or to foreign countries.

Plant Pest Control Branch. Eradicates, contains, or controls incipient noxious weed infestations, plant diseases, and invertebrate pests utilizing chemical or mechanical means; undertakes biological control projects on serious weed and invertebrate pests that are widespread or have the potential of becoming widespread by utilizing natural enemies of the pest that are obtained through explorations in the pest's native country; and conducts seed testing for purity and viability.

C. Explain how your Program intends to meet its objectives within the upcoming fiscal year.

Programs update strategic plans annually to meet department objectives and to support agricultural industries. Program managers are held accountable for meeting program objectives, duties, and responsibilities.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2007.

Performance results for FY 07 were met. Differences noted reflect the highly variable nature of plant pest risk and pathways, one year to another.

B. Explain how these results relate to the Program's Objectives and the Department's mission.

Results reflect the level of activity and priorities given to specific pathways for inspection and pests for control; program decisions are based on available resources, pest risks, and opportunities to mitigate specific pest risks that threaten agriculture, the environment, and public health in Hawaii.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

Measures of effectiveness for the Plant Quarantine program include the numbers of inspections conducted, number of interceptions made, and actions taken; for Plant Pest Control, the key measures are number of projects undertaken (chemical /mechanical and biological control) and number of projects undertaken with successful outcomes. Performances measures are highly variable from year to year for reasons beyond program control, including traffic flow, environment, different biology and ecology of pests, and pest pressures from outside Hawaii.

D. Discuss actions taken by your Program to improve its performance results.

Pest risk assessments were conducted and program resources allocated to address the highest risk pathway of pest introduction into Hawaii at air and seaports in the state. New positions approved by the 2006 Legislature (Act 160) for State Plant Quarantine (inspector and pest control technicians) were assigned primarily to Hilo and Oahu as the two major ports of entry of high risk commodities, i.e., propagative plant materials to the nurseries in the Hilo area and agricultural products (fresh fruits and vegetables) into the Oahu market.

The InVicta data management systems for pest risk assessments conducted on Maui at Kahului International Airport has been expanded for the collection and management of quarantine data statewide and for the tracking and management of import permits and reports.

A hot water treatment chamber was constructed and put into operation on Oahu at the Plant Quarantine Office on Auiki Street for the treatment of plants at risk of contamination with the coqui frog, nettle caterpillar, and other pests. A second treatment facility is under construction for use on the Island of Hawaii in the Hilo area for the treatment of plants prior to shipment off island.

A cost sharing program has been established with the County of Hawaii to assist qualified nurseries on the Island of Hawaii to construct hot water treatment chambers for treatment of plants prior to shipment off island. The program, utilizing coqui frog control funds from the 2007 Legislature, will cover up to 25 % of qualified costs (chamber, pumps, heaters, controls, piping, etc., not to exceed \$10,000 per project).

A training position has been established in State Plant Quarantine to standardize training of new recruits and line inspectors on changing regulations, pest identification, and changes in program policies and priorities. In the past, training has been delegated to senior inspectors at the respective ports, leading to some inconsistency in training for new recruits and no on-going refresher training of seasoned inspectors.

Plant Pest Control has obtained federal grants to increase its capacity in survey and biological control programs. The funding through the federal Cooperative Agricultural Pest Survey (CAPS) program has supported survey projects on red imported fire ant, honeybee pests, citrus greening disease, and noxious weeds. The funding for fireweed surveys has allowed PPC to establish baseline data to evaluate the effectiveness of its release of a biological control agent against fireweed, a serious rangeland pest.

In addition, for two major control and eradication projects (varroa mite on Oahu and the nettle caterpillar on Maui and Oahu), PPC personnel have adopted some of the data management techniques developed and employed by USDA, Agricultural Research Service in the agency's highly successful fruit fly suppression program in Hawaii. PPC has obtained the services of USDA, APHIS, Plant Protection and Quarantine and ARS personnel to assist in control efforts in the field. Also assisting PPC in the field are Invasive Species Committee personnel of the respective islands.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Problems and Issues

A. Discussion of Problems or Issues Encountered by Program.

State Plant Quarantine is short of personnel and facility resources to conduct thorough inspection of passengers and cargo at ports-of-entry statewide (i.e., airports and harbors).

Established pests cannot be controlled effectively and over the long term other than through biological control. The Plant Pest Control Branch has one of the best (if not the best) track records of any research group for the control of pests through introductions of natural enemies of these pests. To this end, the program sends out exploratory entomologists to foreign countries to find potential natural enemies of insects and weeds

present in Hawaii. A major bottleneck in this work is inadequate space in the present quarantine insectary to receive shipments of potential biological control agents for host specificity testing. Because of the current influx of so many serious pests of agriculture and the environment in Hawaii, HDOA needs to replace its antiquated insect quarantine house with a modern facility with dedicated space and environmental controls to more efficiently test potential biocontrol agents of pests in Hawaii.

B. Program Change Recommendations to Remedy Problems.

State Plant Quarantine has prepared and begun to implement a new Biosecurity Program for the State of Hawaii. An appropriation from the 2006 Legislature nearly doubled the existing field staff of State Plant Quarantine to 115 positions. This is compared to Federal USDA plant quarantine in Hawaii whose staff count is approximately 450 to protect the U.S. mainland from pests present in Hawaii. Transformation of State Plant Quarantine into a new and more effective regulatory program will take time, but a good start has been made. The immediate next steps are in the training of personnel, on-going pest risk assessments to identify and target high risk pathways, and new inspection facilities at the major ports to allow officers to inspect commodities at central locations with adequate lighting, tables, and containment to conduct thorough inspection of commodities entering Hawaii.

Plant Pest Control has presented a proposal to increase the work load of its existing biocontrol program by a factor of 3 or 4 over the next 5 years. A new insect quarantine facility is essential to meet this goal along with additional professional staff to handle the workload.

C. Identify any program issues or problems that have affected or will affect the implementation of the program and the corrective measures or remedies established or planned.

Two potential problem areas stand out, the Federal Plant Protection Act that prohibits states (federal preemption) from regulating the movement of plants, animals, and other pests in foreign commerce, and issues of security and confidentiality that limit state access to information available to Homeland Security on cargo and pests inspected and intercepted by Customs and Border Protection.

FB 2008-09 Supplemental Budget Request- AGR 122

IV. Expenditures for FY 2007-2008

	Appropriation Act 213/07 <u>FY 08</u>	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Appn</u>	Net Allocation Est. Total <u>Expenditure</u>
(Pos Ct)	(147.00)				(147.00)
Pers Svcs	8,196,518	260,127			8,456,645
Current Expenses	2,859,076				2,859,076
Equipment	43,000				43,000
Motor Vehicles	30,000				30,000
	(147.00)				(147.00)
Total	11,128,594	260,127			11,388,721
(Pos Ct)	(138.00)				(138.00)
General	7,822,273	253,000			8,075,273
(Pos Ct)					
Federal	810,183	7,127			817,310
(Pos Ct)					
Interdpt. Trnsfr	(9.00) 1,924,816				(9.00) 1,924,816
(Pos Ct)					
Trust	512,962				512,962
(Pos Ct)					
Revolving	58,360				58,360

A. Explain all transfers within the program I.D. and its impact on the program. N/A

B. Explain all transfers between program I.D.s and its impact on the program. N/A

C. Explain all Governor's restrictions and the impact on the program. None.

FB 2008-09 Supplemental Budget Request- AGR 122

V. Supplemental Budget Request for Fiscal Year 2008-2009

	Act 213/07 <u>FY 08-09</u>	Budget Request <u>FY 08-09</u>	<u>Total Requirement</u>
(Pos Count)	(147.00)		(147.00)
Personnel Svcs	8,236,856	405,464	8,642,320
Current Expenses	1,709,076	160,000	1,869,076
Equipment	43,000		43,000
Motor Vehicle	30,000		30,000
	(147.00)		(147.00)
TOTAL REQUIREMENTS	10,018,932	565,464	10,584,396
(Pos Ct)	(138.00)		(138.00)
General Funds	7,212,611		7,212,611
(Pos Ct)			
Special Funds		565,464	565,464
(Pos Ct)			
Federal Funds	810,183		810,183
(Pos Ct)	(9.00)		(9.00)
Interdept. Transfer Funds	1,424,816		1,424,816
(Pos Ct)			
Trust Funds	512,962		512,962
(Pos Ct)			
Revolving Funds	58,360		58,360

A. Description and Explanation of Each Request.

1. Establish expenditure ceiling for the Pest, Inspection, Quarantine and Eradication fund.

	<u>MOF</u>	<u>FY 09</u>
Personal Services	B	405,464
Other Current Expenses	B	160,000
TOTAL	B	565,464

Act 9, Special Session 2007, established a user fee for the inspection of sea containers for pests of quarantine concern to Hawaii. A charge can be assessed of \$1.00 per twenty-Foot-Equivalent (TFE). This request establishes a ceiling for the Pest Inspection, Quarantine and Eradication fund

established by Act 9. Act 9 leaves it to HDOA to collect the fees rather than utilizing the system set up by the carrier as that method was opposed by the carriers. Two Account clerk positions are needed to invoice and collect the over half-million containers this charge will be levied upon.

Anticipated revenue to the fund is shown in the attachment. For all practical purposes, invasive pests can enter Hawaii only through human pathways by sea or air. The rate of entry of pests in Hawaii has increased dramatically in recent years in large part due to the dependence of Hawaii on commodities from the outside, food as well as construction materials. Serious new invasions now threaten agriculture, environment and public health in Hawaii, including, the varroa mite, the little fire ant, Asian Citrus Psyllid, the coqui frog and the stinging nettle caterpillar. These funds will be used for harbor inspection programs and early detection and rapid response activities.

VI. Restriction/Reduction. None

VII. CIP Request for Fiscal Biennium 2008-09.

None

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 02 02 01

Program I.D. and Title: AGR 131 -Rabies Quarantine

I. Introduction

A. Summary of Program Objectives

To protect animal and public health by preventing the introduction of rabies and animal diseases in imported cats and dogs through import regulation, quarantine and monitoring of animal entries for alien pests and diseases.

B. Description of Program Activities

To prevent the introduction of rabies and animal diseases in imported cats and dogs through quarantine, import regulation and the detection of alien pests and diseases.

C. Explain how your program intends to meet its objectives within the upcoming supplemental year.

The rabies quarantine program reduces the risk of rabies introduction into Hawaii through import restrictions on the movement of dogs and cats from areas with significant animal rabies, such as the continental United States.

In 2003, a five-day-or-less program was added as an alternative to the historically mandatory 120 days quarantine program. Pets may be released directly to the owner at Honolulu International Airport after inspection, provided stringent and specific pre-arrival requirements are met, or be quarantined for 1 to 5 days depending on the circumstances. Pets not meeting all pre-arrival requirements are quarantined for up to 120 days at the Animal Quarantine Station in order to observe these animals for clinical signs of rabies.

The Animal Quarantine Station, Halawa Valley, Oahu, and the Airport Animal Quarantine Holding Facility, Honolulu International Airport, are maintained to carry out these activities.

Preventing the introduction of alien species of external animal parasites such as ticks is accomplished through pre-arrival parasite treatment, certificate of veterinary inspection, arrival and post-arrival inspection procedures.

The program also works with and monitors thirty-two (32) approved private veterinary facilities, two (2) privately owned satellite animal quarantine stations and four (4) law enforcement agency satellite animal quarantine stations that are authorized to house quarantine animals.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007 and FY 2008.

No cases of rabies detected in dogs and cats in Hawaii during FY 07 and the first four months of FY 08.

Two cases of alien ticks were identified and eliminated during that period.

In FY 07, a total of 8,804 dogs and cats completed quarantine or were released after inspection. Of these, 7,283 (82.7%) were direct airport releases, 996 (11.3%) 5-days-or-less quarantine (includes animals arriving early and remaining in quarantine until qualifying for release under the 5-Day-or-Less program) and 525 (5.9%) 120-day quarantine.

The number of animals completing quarantine from July 1, 2007 to September 30, 2007 was 2,470. Of these, 2,020 (81.8%) were airport releases, 312 (12.6%) were in quarantine for variable lengths of time, and 138 (5.6%) were quarantined for 120 days.

Based on FY 08 data collected thus far, it is anticipated that the same or slightly lower number of dogs and cats will enter the State than in FY 07.

B. Explain how these results relate to the program's objectives and department's mission.

The rabies quarantine program is consistent with a Departmental goal of preventing the introduction and establishment of detrimental diseases in Hawaii, specifically rabies and alien pests such as exotic ticks.

C. Explain how the effectiveness of the program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The program continues to be successful in maintaining Hawaii's rabies free status and preventing the introduction of alien pests. Furthermore, based on the total number of dogs and cats entering the State and high percentage qualifying for airport release or reduced quarantine periods, these results are accomplished with reduced intrusiveness to pet owners.

D. Discuss actions taken by each program to improve its performance results.

Rule amendments to Chapter 4-29, Hawaii Administrative Rules, are in progress to provide greater flexibility in preparing a dog or cat to qualify for the 5-Day-or-Less program including: permitting the use of additional anti-rabies virus antibody tests, allowing the use of multivalent rabies vaccines, reducing the minimum interval between rabies vaccinations from 90 days to 30 days and accepting rabies vaccines licensed by foreign government

agencies. These proposed amendments will assist pet owners by enabling more animals to qualify for the 5-Day-or-Less program.

Beginning in FY 07, qualified dogs and cats are now allowed to enter Hawaii directly at Kona, Kahului or Lihue when a Neighbor Island Inspection Permit is first issued by the Department for the animal's arrival at the specified airport. Since the rabies quarantine program has no staff on neighbor islands, private contractors are utilized to receive, inspect, process and release qualified dogs and cats.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

No modifications to performance measures were made.

III. Issues and Problems

A. Discussion of problems or issues encountered by program

1. Program revenue is dependent upon the number of dogs and cats that enter the State each year and the quarantine alternative to which they qualify. In late FY 05, a fiscal deficit was projected for FY 08 due to changes in the distribution of arriving animals to low revenue categories such as direct airport release. However, a higher number of dogs and cats entered the State in FY 06 (8,966) and FY 07 (8,804) than FY 05 (7,653), compensating for reductions in revenue from more animals qualifying for lower revenue generating quarantine alternatives (direct airport release). As a result, revenue exceeded expectations and was sufficient to cover program expenditures. Revenue projections remain difficult to ascertain because it is speculative to estimate total animal entries in future years.
2. The program has been unable to fill a vacant Account Clerk III position since the incumbent transferred to another program in July 2005. Insufficient numbers of qualified applicants to interview, selected candidates declining job offers and extended periods of time to obtain lists of candidates from DHRD are contributory factors. The program had a vacancy in a Veterinary Technician position for 9 months from February to November 2007.
3. The transition to primarily direct animal release at the airport has increased the workload for the Veterinary, Inspection, Clerical and Accounting staff. Significantly more time is spent reviewing documents, pre-qualifying pets, processing payments, receiving and inspecting pets and addressing the needs, questions and concerns of the general public. Although 7,283 dogs and cats were released at the airport in FY07, this number does not reflect the total number of pet documents processed, as the database currently holds over 58,500 active files. Although the 5-Day-or-Less program has been very successful, it is labor intensive.

B. Program change recommendations to remedy problems.

Under authority provided in Section 142-3.5, HRS, efforts are ongoing to subdivide and lease underutilized land at the Animal Quarantine Station. Prior negotiations with a non-profit organization selected through a Request for Proposals (RFP) determined that the organization was unable to pay “fair market value” lease rent. Additional solicitations and selection by RFP or auction are options that may be employed to lease the property. It is anticipated that lease revenue will provide an additional and stable source of funds to allow a reduction in user fees.

The program has modified its computer system to improve efficiency and add features related to accounting, simplification of data entry, consolidation of databases, generating reliable reports, and other areas. Further enhancements are proposed to aid in the management of accounts and streamline staff workload.

C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

The program continues to evaluate animal entry numbers and the effect on revenue and expenditures. A source of additional revenue from alternative use of under utilized AQS property is important to reduce user fees. However, increasing user fees is another revenue generating alternative depending on circumstances encountered during out years.

IV. Expenditures for FY 2007-2008

	Appropriation Act 213/07 <u>FY 08</u>	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Appn</u>	Net Allocation Est. Total <u>Expenditure</u>
(Pos Ct)	(32.00)				(32.00)
Pers Svcs	1,924,579	85,662			2,010,241
Current Expenses	1,107,455				1,107,455
Equipment					
Motor Vehicles	20,800				20,800
	(32.00)				(32.00)
Total	3,052,834	85,662			3,138,496
General	100,000				100,000
(Pos Ct)	(32.00)				(32.00)
Special	2,952,834	85,662			3,038,496

FB 2008-09 Supplemental Budget Request- AGR 131

- A. Explain all transfers within the program I.D. and its impact on the program. N/A
- B. Explain all transfers between program I.D.s and its impact on the program. N/A
- C. Explain all Governor's restrictions and the impact on the program. None

V. Supplemental Budget Request for Fiscal Biennium 2008-09

	<u>Act 213/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 08-09</u>	<u>Total Requirement</u>
(Pos Count)	(32.00)		(32.00)
Personnel Svcs	1,924,579		1,924,579
Current Expenses	1,107,455		1,107,455
Equipment			
Motor Vehicle	20,800		20,800
	(32.00)		(32.00)
TOTAL REQUIREMENTS	3,052,834		3,052,834
(Pos Ct)	(33.00)		(33.00)
Special	2,952,834		2,952,834
General	100,000		100,000

A. Description and Explanation of Each Request.

There are no Supplemental Budget Requests.

VI. Restrictions/Reductions None

VII. CIP Request for Fiscal Biennium 2008-09. None

VIII. Proposed lapses of capital improvements program projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 02 02 02

Program I.D. and Title: AGR 132 - Animal Disease Control

I. Introduction

A. Summary of program objectives

To assist in the State's livestock and poultry industries in the production of disease-free livestock, poultry and wholesome products and protect the public health through the prevention, detection, and control of livestock and poultry diseases.

B. Description of program activities

The Livestock Disease Control (LDC) program inspects livestock, poultry, birds and other animals arriving in the State to insure they meet regulatory disease control entry requirements; investigates disease outbreaks of livestock and poultry; controls and eradicates diseases of regulatory concern and prepares for and prevents diseases which may be devastating to the livestock and poultry industry some of which are also important to the public's health.

The Veterinary Laboratory (VL) program provides diagnostic support and infectious disease expertise to the livestock and poultry industries. Support is focused on animal diseases earmarked for national eradication as a component of the State/Federal cooperative plan and diseases of economic and/or public health concern.

C. Explain how your program intends to meet its objectives within the upcoming supplemental year.

The LDC program will use its present level of general funded resources and federal grant awards to:

- Continue inspecting, testing, treating and quarantine all livestock, poultry, birds and other animals arriving in the State to prevent the introduction of diseases and pests
- Investigate, control and eradicate diseases which may be economically devastating to the State's livestock and poultry industries
- Maintain disease free statuses (bovine tuberculosis, brucellosis, pseudorabies in swine, swine brucellosis, Equine Infectious Anemia)
- Implement and advance other disease control programs supported by federal grants (Johne's disease, Scrapie, Swine Health Protection).

The VL program intends to meet its objectives by continuing its effort to provide accurate and timely diagnostic services to other government agencies and livestock/poultry industries. The

program will continue to work closely with the US Department of Agriculture (USDA) to register livestock premises according to the requirement of National Animal Identification System (NAIS). This system will facilitate the rapid traceability of livestock to minimize animal disease spread.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007.

Maintained disease free statuses in bovine tuberculosis, bovine and swine brucellosis and pseudorabies in swine.

Progressed in implementing Johne's and Scrapie control programs in dairy, beef, sheep and goat herds and flocks in the State. The LDC program inspected 814,659 livestock, poultry, birds, hatching eggs, and other animals entering the State to insure compliance with import disease control requirements.

The VL program achieved its primary goal of disease diagnosis and surveillance by conducting over 20,000 tests for livestock/poultry industries and animal import/export. In addition, the program has collected approximately 200 of bird samples to test avian influenza and West Nile virus as a part of the state-wide zoonotic disease surveillance.

B. Explain how these results relate to the program's objectives and department's mission.

Preventing serious disease incursions and eliminating diseases from the State's livestock and poultry populations places the livestock and poultry industries in a position to produce more efficiently and market wholesome products locally and abroad, thereby contributing to the economic and public health of the State.

One of the Department's missions and objectives is to establish and maintain disease-free statuses for the current and emerging diseases of economic and public health importance. In order to successfully achieve these goals, rigorous but rapid and accurate disease diagnostic support must be followed. The VL program is charged to provide such services by conducting laboratory tests and analyzing test data from samples collected from Hawaii livestock industries.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The LDC program measures regulated diseases not present in the State's livestock and poultry populations. The program continues to maintain its disease free statuses in the regulatory diseases it measures.

Effectiveness of the VL program is measured by the number of surveillance/diagnostic laboratory specimens received from livestock/poultry industries, Animal Quarantine Branch of the Division, and other government agencies and the ability to produce accurate laboratory results in a timely manner. Technical employees in the VL must successfully complete annual proficiency testing programs for a variety of animal diseases as required by USDA.

D. Discuss actions taken by your program to improve its performance results.

Resources have been put in place to prevent the resurgence of regulated disease in the State's livestock and poultry industries from infected wildlife and imported livestock, poultry and other animals.

The program applies for and utilizes USDA grant funds to establish new disease control programs and measures to improve the disease status and marketability of the livestock and poultry.

The VL program continues improving and maintaining high standards of testing capability by participating the USDA-sponsored serological test proficiency programs and annual in-house training by rotating all technical staff to different diagnostic sections of the laboratory.

E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Issues and Problems

A. Discussion of problems or issues encountered by program

Certain wildlife species continue to serve as a reservoir for infectious diseases of livestock and poultry (feral swine- bovine tuberculosis on Molokai, pseudorabies and swine brucellosis Oahu, Maui, Hawaii; migratory birds- potential for avian influenza introduction into poultry)

B. Program change recommendations to remedy problems

The program will continue to measure disease prevalence in wildlife, particularly feral swine, reduce prevalence of disease in wildlife and improve farm biosecurity to prevent transmission between domestic livestock/poultry and infected wildlife species

FB 2008-2009 Supplemental Budget Request- AGR 132

- C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

The economic health of the livestock and poultry industries is being negatively impacted by forces outside of the program's mandate. Significant segments of the livestock and poultry industry's existence are threatened by high feed costs, transportation costs, environmental regulations, competition for land and water resources and competition from imported milk, eggs and meat.

IV. Expenditures for FY 2007-08

	Appropriation Act 213/07 <u>FY 08</u> (24.00)	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Appn</u>	Net Allocation Est. Total <u>Expenditure</u> (24.00)
(Pos Ct) Pers Svcs	1,718,338	64,913			1,783,251
Current Expenses	406,187				406,187
Equipment	50,000				50,000
Motor Vehicles	45,000				45,000
Total	2,219,525	64,913			2,284,438
Less:					
(Pos Ct) General	(24.00) 1,341,937	33,600			(24.00) 1,375,537
(Pos Ct) Interdept. Transfer	420,858	31,313			452,171
(Pos. Ct) Federal	456,730				456,730

A. Explain all transfers within the program I.D. and its impact on the program. N/A

B. Explain all transfers between program I.D.s and its impact on the program. N/A

C. Explain all Governor's restrictions and the impact on the program. None

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V. Supplemental Budget Request for Fiscal Biennium 2008-09.

	Act 213/07 <u>FY 08-09</u>	Budget Request <u>FY 08-09</u>	<u>Total Requirement</u>
(Pos Count)	(24.00)		(24.00)
Personnel Svcs	1,718,338		1,718,338
Other Current Expenses	406,187		406,187
Equipment	80,500		80,500
Motor Vehicle			
TOTAL REQUIREMENTS	2,205,025		2,205,025
(Pos Ct)	(24.00)		(24.00)
General Funds	1,341,937		1,341,937
(Pos Ct)			
Federal Funds	442,230		442,230
(Pos Ct)			
Interdept. Transfer	420,858		420,858

A. Description and Explanation of Each Request.

There are no Supplemental Budget Requests.

VI. Restrictions/ Reductions. None

VII. CIP Request for Fiscal Biennium 2008-09. None

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 04 01

Program I.D. and Title: AGR 141 - Agricultural Resource Management

I. Introduction

A. Summary of Program Objectives

To assist in developing and managing the State's agricultural resources by ensuring adequate and reliable supplies of irrigation water, farmland, infrastructure, produce processing, livestock slaughter, and agricultural research and processing facilities.

B. Description of Program Activities

Administer agricultural parks at Pahoehoe, Panaewa, Keahole, Waimanalo, Waianae, Molokai, Kekaha, Kahuku, Kalaeloa and Hamakua.

Administer non-agricultural park lands program, statewide.

Manage, operate, and improve the state's irrigation systems at Waimanalo, Waimea, Kahuku, Lower Hamakua Ditch, and Molokai. Establish new irrigation system for Upcountry Maui.

Administer agricultural facilities at Kamuela (vacuum cooling plant), Kona (marshalling yard), and Maunawili (research station).

C. Explain how your Program intends to meet its objectives within this biennium.

The division manages a capital improvement program that implements improvements to the irrigation systems and agricultural lands to increase their reliability and efficiency.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007.

The program continues to provide reliable sources of irrigation water to all lands served by our irrigation systems except the Lower Hamakua Ditch. This system was severely damaged by the October 15, 2006 earthquake and is currently being repaired. We anticipate that full-flow will be restored to the ditch no later than the end of 2008.

The division is on track with current capital improvement projects, such as Upcountry Maui, Lower Hamakua Ditch, and Waimanalo irrigation system.

- B. Explain how these results relate to the program's objectives of the department.

Lands available for agricultural production and acreage irrigated are critical for the continued growth of diversified agriculture. Capital improvement projects under development will increase the efficiency of the systems and allow more water to be delivered.

- C. Explain how the effectiveness of the program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The effectiveness of the program is measured by tracking the above results and striving to improve them whenever possible. Over the last two years, the percentage of our agricultural land in productive use has remained stable. We are on the verge of implementing our non-agricultural park lands program which will add over 2,500 acres to the program's inventory.

- D. Discuss actions taken by your program to improve its performance results.

The division has created the rules to govern the non-agricultural park lands program. The rules have been through public hearing and are awaiting final approval from the attorney general's office. The rules will enable the program to begin managing the transferred lands in-house.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Issues and Problems

- A. Discussion of issues or problems encountered.

The division has spent a majority of its time over the past eighteen months responding to emergencies relating to flooding and earthquake natural disasters. These emergencies have exposed the weakness of the division. Sufficient personnel are not available to properly manage the division's programs.

- B. Program change recommendations to remedy problem.

Additional staff support is being requested in the supplemental budget. The additional staff will allow the programs to be more proactive than reactive. It will also allow more frequent inspections of the programs leased lands.

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C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

See explanation in "B".

IV. Expenditures for FY 2007-08

	Appropriation Act 213/07 FY 08	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Apprn</u>	Net Allocation Est. Total <u>Expenditure</u>
(Pos Ct)	(21.00)				(21.00)
Pers Svcs	1,240,010	40,426			1,280,436
Current Expenses	4,464,399				4,464,399
Equipment	4,000				4,000
Motor Vehicles	(21.00)				(21.00)
Total	5,708,409	40,426			5,748,835
Less:					
(Pos Ct)	(2.00)				(2.00)
General	573,157	4,700			577,857
(Pos Ct)	(6.00)				(6.00)
Special	3,717,780	4,972			3,722,752
(Pos Ct)	(13.00)				(13.00)
Revolving	1,417,472	30,754			1,448,226

A. Explain all transfers within the program I.D. and its impact on the program. N/A

B. Explain all transfers between program I.D.s and its impact on the program. N/A

C. Explain all Governor's restrictions and the impact on the program. None

FB 2008-09 Supplemental Budget Request- AGR 141

V. Supplemental Budget Request for Fiscal Biennium 2008-09

	Act 213/07 <u>FY 09</u>	Budget Request <u>FY 09</u>	<u>Total Requirement</u>
(Pos Count)	(21.00)	(2.00)	(23.00)
Personnel Svcs	1,240,010	137,162	1,377,172
Current Expenses	1,464,399		1,464,399
Equipment		5,500	5,500
Motor Vehicle			
	(21.00)	(2.00)	(23.00)
TOTAL REQUIREMENTS	2,704,409	142,662	2,847,071
(Pos Ct)	(2.00)		(2.00)
General Fund	573,157		573,157
(Pos Ct)	(6.00)	(2.00)	(8.00)
Special Fund	713,780	142,662	856,442
(Pos Ct)	(13.00)		(13.00)
Revolving Fund	1,417,472		1,417,472

Description and Explanation of Each Request.

1. Add .50 FTE Property Manager VI position and funds for the Agricultural Park program.

		<u>MOF</u>	<u>FY 09</u>
Personal Services			
Property Manager VI	0.50 FTE	B	26,682
Fringe Benefits (41.13%)		B	10,975
Equipment		B	1,250
	TOTAL 0.50 FTE	B	38,907

The divisions various programs have experienced substantial growth over the past several years. The addition of the 150 acres in Kunia to the Agricultural Park program will further increase the workload on the program personnel. It has become apparent that the current staffing level for the Ag Park program is insufficient. Inspections of the ag park parcels have not been performed often enough to properly a monitor and serve the lessees. The Property Manager position is necessary to address the significantly increased sophistication of the programs and higher work loads. Supervisory positions are critical to maintain the work flow and administer the division's needs without having to perform day to day issues. The funding for this position will be split between the Agricultural Park and Non-Agricultural Park programs.

FB 2008-09 Supplemental Budget Request- AGR 141

2. Add positions and funds to the Non-Agricultural Park program.

		<u>MOF</u>	<u>FY 09</u>
Personal Services			
Property Manager VI	0.50 FTE	B	26,682
Property Manger IV	1.00 FTE	B	43,824
Fringe Benefits (41.13%)		B	28,999
Equipment		B	4,250
	TOTAL 1.50 FTE	B	103,755

The division has experience substantial growth over the past several years. We have added a new program to manage additional non-agricultural park lands. The Property Manager positions are necessary to address the significantly increased sophistication of the programs and much higher work loads. Supervisory positions are critical to maintain the work flow and allow the administrator the time to administer the division's needs without having to perform day to day issues. In addition to the lands already approved for transfer from DLNR to HDOA, the program is requesting DLNR to identify additional agricultural lands to be transferred into this program. The funding for the Property Manager VI position will be split between the Agricultural Park and Non-Agricultural Park programs.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2008-09. See Appendix A

VIII. Proposed Lapses of Capital Improvements Program Projects. None

Appendix A

DEPARTMENT OF AGRICULTURE
FB 2008-09 SUPPLEMENTAL BUDGET REQUEST

Capital Improvement Request for Fiscal Year 2008-09

1. Waimea Transfer Ditch Improvements, Hawaii

Program ID: AGR 141 Capital Project Number: P09001

Project Description: Design and construction of improvements to the Waimea Transfer Ditch.

Financial Requirements (in thousands):		<u>FY 09</u>
	Design	200
	Construction	2,000
	Total	<u>2,200</u>
	MOF	2,000C

Scope of Project: Design and construction of improvements to the Waimea Transfer Ditch. This project will replace approximately 1.75 miles of unlined, open ditch with buried pipeline from the Puukapu Reservoir to the Puu Pulehu Reservoir including pressure manholes, valves and other appurtenant work.

Justification: The Waimea Transfer Ditch is used to bypass the Puukaapu Reservoir and transport water to the Puu Pulehu Reservoir. Since the ditch was built in the early 1920's, its structural integrity has steadily declined. Cracks have developed along its invert, concrete lining on the embankments have collapsed and the unlined tunnel and access crossings have experienced serious spalling. These hazardous conditions could potentially lead to major liability problems for the State as the ditch is often accessed from the surrounding residential area. Furthermore, workers continually vegetation control and removal of sediment, debris, and illegally dumped material that impedes the flow through the ditch.

Senate District: 07 House District: 001

2. Molokai Hydropower Plant, Molokai

Program ID: AGR 141

Capital Project Number: P09002

Project Description: Plans and design for the preparation of an environmental assessment for development of the Molokai Hydropower Plant.

Financial Requirements (in thousands):	<u>FY 09</u>
Plans	149
Design	1
Total	<u>150</u>
MOF	150C

Scope of Project: Preparation of an environmental assessment for the Molokai Hydropower Plant.

Justification: Much of the Molokai Irrigation System's water source is dependent on electricity to pump water from wells onto the irrigation system. As electricity rates continue to escalate, the State will not be able to provide affordable water to the 240 users of the system. Concept studies project a capacity of up to 254 kilowatts which could produce an average of 1,210 megawatt hours per year. This would significantly reduce the system's dependency on the Maui Electric Company and take a step towards energy self-sufficiency goals specified in Act 196, SLH 2006.

Senate District: 06

House District: 013

3. Miscellaneous Health Safety Code and Other Requirements, Statewide

Program ID: AGR 192 Capital Project Number: 981921

Project Description: Design and construction to address health, safety, code and other requirements, statewide.

Financial Requirements (in thousands):	<u>FY 07</u>
Design	200
Construction	500
Total	<u>700</u>
MOF	700C

Scope of Project: Various improvements to Department of Agriculture facilities to address health and safety issues, and meet program requirements.

Justification: Funds are needed to implement various improvements and major repair and maintenance projects at departmental facilities under the management and control of the Department of Agriculture. The buildings at these facilities range in age from 4 to over 80 years old. Some of these buildings have not had their air conditioning systems, roofs and gutters, electrical and telecommunication systems, fire alarm systems, and other infrastructure and major systems replaced or upgraded to meet current code requirements or program needs. Replacing and upgrading these systems is needed in order to minimize health and safety concerns by employees and public avoid costly repairs, minimize liability and exposure to risk and provide an efficient working environment for employees.

Senate District: 00

House District: 00

4. Waiahole Water System Improvements, Oahu

Program ID: AGR 161

Capital Project Number: RS0702

Project Description: Design for improvements to the Waiahole Water System.

Financial Requirements (in thousands):	<u>FY 09</u>
Design	163
Total	<u>163</u>
MOF	57 C
	106 N

Scope of Project: Design of improvements to the Waiahole Water System including removal of silt, repair or restoration of the spillway and outlet structures and lining of Reservoirs 155 and 255 with a high density polyethylene liner and other appurtenant works.

Justification: The Consolidated Appropriations Act of 2001, as enacted by Section 1(a)(4) of Public Law 106-554 authorized the U.S. Army Corps of Engineers to work on the Hawaii Water Management Project under a 65/35 cost-share arrangement with the state. The Waiahole Water System has been identified as a priority and federal funds have been accumulated for the lining and repair of Reservoirs 155 and 225. The work will involve removal of silt, repair or restoration of spillway and outlet structure, and lining of the reservoirs with a high density polyethylene liner. The total project cost is estimated at \$6.5 million, of which a 35% state match is required..

Senate District: 19

House District: 040

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 03 02

Program I.D. and Title: AGR 151 - Quality and Price Assurance

I. Introduction

A. Summary of Program Objectives

To assist in the development of the agricultural industries through quality assurance of agricultural commodities; licensing dealers of agricultural products; and producer price and quota control to maintain stability within the dairy industry.

B. Description of Program Activities

Commodities Branch. Grade and condition certification of agricultural commodities (fresh and processed fruits and vegetables, eggs, coffee, seafood, meat grading); conducting food safety certification and qualification audits; enforcement of labeling, advertising, container and minimum export quality regulations for agricultural commodities; enforcement of Federal Egg Products Inspection Act; licensing dealers of agricultural products and settling delinquent payment cases; enforcement of agricultural theft proof of ownership requirements; registration of animal feeds; and chemical analysis of animal feeds; and implementation of agricultural food supply chain traceability system.

Milk Control Section. Review and adjust producer production quotas and price of milk; audit, inspect and investigate the production, distribution and payment of milk, conduct industry-wide meetings to discuss problems and new programs related to the dairy industry and develop more awareness of locally produced Island Fresh milk.

C. Explain how your program intends to meet its objectives within this biennium.

The program provides certification services for good agricultural, handling, processing and manufacturing practices; assurance of food security; and product traceability to meet new needs of Hawaii's agricultural producers. In the emerging world market, increased emphasis on homeland security and increased concern over food safety are changing the requirements for agricultural producers, and both domestic and foreign buyers of Hawaii agricultural products are demanding certification and product assurance. These demands have established the direction for an updated food safety program.

In addition, the program intends to continue with the seed certification program with the use of temporary staff that will be hired only as the need arises and programs will be entirely self-supporting. For maximum efficiency temporary staff will be cross-utilized in other activities allowed and workable which should also result in reduced turnover.

The Branch will seek to undertake an internal reorganization in 2008 due to program changes and to meet the changing needs of clients and to maximize efficiency. This reorganization proposes to move temporary positions and transfer one full-time position to more appropriate district.

Amendment to Chapter 157, Milk Control Act is being proposed in 2008 legislative session. Changes to the definition of "Class I milk" and "shortage" are being proposed to help to ensure locally produced milk is used for fluid consumption.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007 and FY 2008.

The program met 100% of requests for certification and food safety audits. The compliance rate for enforcement was 99% overall for the activities conducted. Increased activity in food safety outreach education with farmers.

B. Explain how these results relate to the program's objectives and department's mission.

Certification, audits and enforcement activities lead to 1) increased third-party assurance of quality, origin, and food safety to meet buyer specifications and increase buyer confidence in Hawaii products, 2) a stable and efficient agricultural market, 3) reduced levels of fraudulent practices, 4) a reliable source of high quality and wholesome agricultural products, thus contributing to the development of agricultural resources in the state and 4) increased awareness of food safety practices for production of agricultural commodities.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The measures of program effectiveness include: 1) the program's ability to fulfill requests for certification and audits as explained in A above, which provide valuable services that protect and enhance the industry; and 2) the rate of compliance in enforcement activities. The levels of effectiveness have been stable over the last three fiscal years except for the problem mentioned in A above.

D. Discuss actions taken by your program to improve its performance results.

The Branch conducted increased activities in programs such as: certificate of ownership of agricultural commodities to help deter agricultural theft, service-for-fee Food Safety auditing, Seafood Certification; Non-transgenic Papaya testing, and Seed Certification program with no increase in permanent staff. These programs have caused a reduction in other enforcement activities, with emphasis placed on complaints and serious violations but compliance rates are not expected to decline significantly.

The program amended the Hawaii Administrative Rules to allow for increase in the minimum prices paid for Class I milk to the producers in the Hawaii milk shed.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications. None

III. Issues and Problems

A. Discussion of issues or problems encountered by program

1. Seed companies have been steadily increasing production. We expect increased activities in certifying the purity of seed crops.
2. Increased food safety audits and improved systematic approaches including across the board farm level food safety certification and product traceability are being required by major buyers before purchase. On the international level, the International Standards Organization (ISO) has recently passed ISO 22000 (Food Safety) and ISO 22005 (Food Traceability) standards which will soon impact the agricultural industry world wide. Producers and processors who are not prepared to meet these requirements could lose current as well as potential markets. Mainland firms and agencies provide these services for local applicants, but charge high fees and travel expenses. The Branch is better able to provide expanded food safety services at much lower costs on a more-timely basis.
3. The local coffee industry has been divided on changes to stricter requirements for the certification coffee proposed by one coffee industry association.
4. The closure of another Big Island dairy will continue to modify the structure of the Hawaii milk industry.

B. Program change recommendations to remedy problems

1. Additional temporary staff will be hired to address the increased demands for the certification of seed crops.
2. The program will direct additional attention to food safety and security activities. Alternative sources of funding have been obtained to enhance food safety efforts for a voluntary pilot project to develop systems to help Hawaii's farmers, wholesalers and retailers for a rapid means of tracing the exact source of an agricultural product, should a problem arise.
3. The program will continue to work closely with members of Hawaii's coffee industry to improve certification services and Hawaii standards for green coffee.

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4. Changes to the Milk Control law and rules are under consideration to bring this program up to date and reflect the current structure of the industry.

C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

See above.

IV. Expenditures for FY 2007-2008

	Appropriation Act 213/07 FY 08	Collective Bargaining Augmentation	Transfer In/Out	Restriction/ Specific Appn	Net Allocation Est. Total Expenditure
(Pos Ct)	(24.00)				(24.00)
Pers Svcs	1,842,401	8,500			1,850,901
Current Expenses	633,516				633,516
Equipment					
Motor Vehicles	(24.00)				(24.00)
Total	2,475,917	8,500			2,484,417
(Pos Ct)	(22.00)				(22.00)
General Funds	1,331,736	8,500			1,340,236
(Pos Ct)	(2.00)				(2.00)
Special Funds	290,119				290,119
(Pos Ct)					
Federal Funds	52,424				52,424
(Pos Ct)					
Trust Funds	300,000				300,000
(Pos Ct)					
Revolving Funds	501,638				501,638

A. Explain all transfers within the program I.D. and its impact on the program. N/A

B. Explain all transfers between program I.D.s and its impact on the program. N/A

C. Explain all Governor's restrictions and the impact on the program. None

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V. Supplemental Budget Request for Fiscal Biennium 2008-2009

	<u>Act 212/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 06-07</u>	<u>Total Requirements</u>
(Pos Count)	(26.00)		(26.00)
Personnel Svcs	1,842,401		1,842,401
Current Expenses	633,516		633,516
Equipment			
Motor Vehicle	(26.00)		(26.00)
TOTAL REQUIREMENTS	2,475,917		2,475,917
(Pos Ct)	(24.00)		(24.00)
General Fund	1,331,736		1,331,736
(Pos Ct)			
Federal Fund	52,424		52,424
(Pos Ct)	(2.00)		(2.00)
Special Fund	290,119		290,119
(Pos Ct)			
Trust Fund	300,000		300,000
(Pos Ct)			
Revolving Fund	501,638		501,638

A. Description and Explanation for Each Request.

There are no Supplemental Budget Requests.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2008-09. None.

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 04 03
Program I.D. and Title: AGR 153 - Aquaculture

I. Introduction

A. Summary of Program Objectives

To develop a sustainable and profitable commercial aquaculture industry by encouraging a diversity of products, improving management practices and technologies, and providing direct assistance with regulations, disease, marketing, and new business development.

B. Description of Program Activities

Aquaculture activities address three broad areas: planning and coordination; provision of support services; and carrying out and funding research and technical extension. Overall activities focus on improving the business climate for aquaculture; promoting investments, products and services; and providing "hands on" assistance to start-up businesses to reduce their initial costs and risks. Once an enterprise is in place, activities assist in solving problems and improving operations through development support services, research and extension.

C. Explain how your Program intends to meet its objectives within biennium.

To achieve its objectives, the Program will focus resources on six commercial niche opportunities with the greatest potential for expansion. The promising aquaculture niche areas are: 1) high value seafood products, e.g., abalone, moi and Kona Kampachi; 2) macroalgae for sea vegetables, value-added products and specialty chemicals, e.g., ogo; 3) microalgae for health foods and specialty chemicals, e.g., Spirulina and astaxanthin; 4) specific pathogen-free stock and year-round seed supplies, e.g., shrimp, clams and oysters; 5) open ocean aquaculture for marine finfish, e.g., moi; and 6) freshwater and marine aquarium species, e.g., koi, tropical fish, corals and giant clams.

Regulatory, disease management and marketing issues underpin expansion in all these niche opportunities. The Program will focus on providing direct assistance by: 1) advising on and facilitating permits; 2) funding and co-funding on-farm, statewide technical assistance in production improvement and disease management; and 3) assisting in generic marketing of products, services and investment opportunities. These activities have a direct impact on the success of existing aquaculture investments and attraction of new aquabusiness.

II. Program Performance Results

A. Discuss the performance results achieved by your Program in FY 2007.

During FY 2007, limited growth characterized the Hawaii industry. Shrimp farms experienced increased problems with disease outbreak and closure or sale of farms resulted in reduced production. The open ocean finfish farms had limited production owing to reduced hatchery production. Aquaculture companies at the Natural Energy Laboratory of Hawaii Authority continue to be an important source of industry growth and innovation despite shifting markets.

The culture of freshwater and saltwater aquarium species is experiencing a decline during this period. A significant development during this period is the building of the Kodama Koi Farm in Mililani Agriculture Park, Oahu, which has the potential to exceed the entire present ornamental industry in the State.

The Program provided a variety of information and direct assistance to several large-scale companies, such as Big Island Abalone, Oceanrider Farms, and Kodama Koi Farms for certification and surveillance. This expands our present program from broodstock shrimp into other organisms and expands our export markets into those requiring strict health status certification programs. In addition, many small scale and family farms were provided technical assistance through ADP and the Program's on-going partnership with the UH Sea Grant Extension Program that puts expert extension agents on three islands.

Efforts in the development of open ocean aquaculture included working with DLNR to implement Chapter 190D, HRS, the Ocean and Submerged Lands Leasing Law. To date, ADP has facilitated the permitting and granting of two commercial leases under the law and is currently working with two other commercial projects.

B. Explain how these results relate to the Program's Objectives for the Department.

The Department's long-term vision for agriculture is: "Agriculture is a respected and significant driver of Hawaii's economy." Important aspects are: making Hawaii the agricultural center of the Pacific for production, marketing and technology transfer; establishing agriculture as a partial solution to Hawaii's increasing dependence on tourism; and establishing agriculture farming and related business activities as a growth opportunity for entrepreneurs.

Aquaculture is a sustainable, natural resource-based development activity for Hawaii that has demonstrated environmental soundness, economic viability and community acceptability. The industry also offers great opportunities for Hawaii not only for exporting selected products, but also for the provision of research, training, education and consulting services to external markets. Having activities focus on improving the Hawaii business climate; promoting investment, product and service sales; and providing expert technical assistance during company start-up and long term operation encourage aquaculture development.

Expansion of Hawaii aquaculture through planning and coordination, support services and research and extension services is consistent with the Department's vision for agriculture. There is a synergistic effect, with aquaculture benefiting from other functions of the Department.

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The Program's effectiveness is measured through Departmental annual industry surveys, i.e., to determine farm number, volume production, dollar (farm gate) value, and jobs, and these are the most direct indicators of Program effectiveness and results.

The total industry was valued in 2006 at \$33.3 million (\$21.3 million from commercial production and an estimated \$12 million from research and technology transfer) and in 2007 it is estimated at \$37 million (\$25 million from production and \$12 million from services). With the Department's strategic planning for diversified agriculture, the Program has set a target for 2008 to increase the value for commercial production to \$30 million, and \$35 million for 2009. It is important to note that this value can be reached or exceeded if companies already located in Hawaii are supported and fulfill their business plans.

- D. Discuss actions taken by your Program to improve its performance results.

Adjusting to growing development opportunities and industry requests for technical assistance in the face of limited funding, the Program prioritized around critical industry needs. Staff efforts are focused on new business development and permit facilitation, disease prevention, marketing and promotion, and production management improvement. Further, increased Program efficiency and performance is gained by networking the staff with Sea Grant Extension and selected application of communications and computer technology. In support of industry, the health management staff will encourage and increase its surveillance program outreach to other species currently cultured. "Other people's" research and development information electronically gathered from around the world is being repackaged and used to benefit Hawaii. Leveraging cooperative efforts and partnerships with other agencies and private industry, and limited charging of fees for health services, are all being emphasized.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None.

III. Issues or Problems

A. Discussion of Issues or Problems Encountered by Program

1. Hawaii has tremendous ocean resource development potential as an island state that stretches over 1,500 miles and with an Exclusive Economic Zone of 565 million acres and over 2.8 million acres under State jurisdiction. Currently, two operating commercial offshore aquaculture leases have been issued by DLNR and two other projects are seeking sites. Hawaii boasts the first commercial open ocean aquaculture lease in the nation. Despite improvements in the State law, these commercial efforts are being constrained by: a complex permitting process for ocean space; limited availability of stocking fingerlings; difficulties in finding affordable space near harbors for support infrastructure; and perceived conflicts with other ocean uses and sustainability.
2. The aquatic animal and plant portion of the global aquarium products industry is valued at \$1 billion per year and growing at 5% to 10% annually. Freshwater growers located on Oahu, Maui, Molokai and the Big Island, have demonstrated that Hawaii can ship high quality, and competitively priced fish to West Coast markets. Significant long-term potential also exists, using expertise in public and private research institutions, to develop commercial farming techniques for many high value marine species (e.g., reef fishes and corals). While the “pieces” for the expansion of aquarium products segment of the aquaculture industry are in place, there is a critical need for cooperation with and among industry members to address key issues, such as increasing species variety and volume of production. In addition, this segment of the industry in particular, being comprised of so many potential species, needs sophisticated disease management support in order to continue diversify and expand.
3. As farms become established and grow in size, they increase their density of culture to wring more production onsite. This has resulted in more disease problems coming to the forefront as a frequent problem and resulted in downturn of industry farmgate valuation. Crashes of shrimp farms in previous years or problems with finfish hatchery production are of significant impact. Significantly important are diseases with mass mortalities requiring medication that is not available except under the approval of the U.S. Food and Drug Administration as investigational new animal drugs.
4. Aquaculture production is expanding steadily with new products “going to market” and long-standing products increasing in volume. Value-added processing and exporting is occurring for a few products. Expected expansion of moi and kahala production through open ocean farming for example, could outstrip local market demand in the near future. Increased effort is needed to help the aquaculture industry expand local demand and find new export markets for these and other seafood products.

B. Program Change Recommendations to Remedy Problems and Issues

1. The Department continues to work with the DLNR to implement Chapter 190D, HRS, the Ocean and Submerged Lands Leasing Law that allows long-term leases of ocean space for large-scale commercial aquaculture. The U.S. Department of Commerce submitted legislation to Congress in 2005 to further research and development of open ocean aquaculture in Federal waters. Local offshore aquaculture interests are working together to organize a Pacific Marine Aquaculture Center for which they hope to obtain Federal support. Program staff is setting up an in-office prototype ocean mapping GIS system to test identification of suitable sites for open ocean aquaculture.
2. The Department is playing a leadership role in the statewide expansion of the aquarium products industry. The Department will continue to collaborate with small and larger-scale breeders and producers of freshwater and saltwater species, major wholesales and transshippers, major retailers and key government and private agencies and individuals involved in research and economic development. A coordinated, cooperative effort is needed to produce the variety and volume of products required by the export marketplace. Further, the program is stressing improving disease diagnostic capabilities to work with the ornamentals industry and the disease-free shrimp broodstock export industry as well, to address their disease-free certification needs. Finally, the Program is playing a significant role in organization of Marine Ornamentals 2008 to be held February 9-12, 2008 in Orlando, Florida.
3. The Department provides direct assistance to the aquaculture industry in terms of veterinarian services. Currently, there is an ongoing surveillance program for broodstock shrimp, seahorses, abalone, and koi. We will do diagnostic examination of juvenile finfish prior to their high density stocking in open ocean cages upon request. This should be the standard operating procedure for all farms, but is not the case. With health status certification and monitoring programs, all phases of the organisms under culture are examined. We will undertake to urge all farms to begin such monitoring to reduce their losses and liabilities. Currently such services are only available out-of-State resulting in a two-week turn around period.
4. The Department provides direct assistance to the aquaculture industry in the generic marketing of its products. Recent efforts have focused on public relations and exhibits (e.g., the Farm Fair) to raise the awareness of local seafood professionals and residents on the wide variety of products the industry grows and markets. More recently, species such as ogo, Asian catfish, abalone, kahala and moi have been targeted for additional promotion due to increasing supplies. Other significant activities include advising farmers on marketing strategies and product handling issues, acting as a clearinghouse for local and out-of-state companies seeking product, and preparing various promotional materials for use in events and by industry members as sales tools.

In DOA, there are opportunities to link with Department efforts to develop export markets for various agricultural commodities. Additional efforts will focus on test

marketing and product demonstrations to develop sales leads, low-cost use of the internet and the Department's ongoing efforts to develop searchable company databases. In addition, opportunities exist to access market research and development resources and grants.

- C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

None

IV. Expenditures for FY 2007-2008

	Appropriation Act 213/07 <u>FY 08</u>	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Appn</u>	Net Allocation Est. Total <u>Expenditure</u>
(Pos Ct)	(8.00)				(8.00)
Pers Svcs	481,675	5,271			486,946
Current Expenses	245,632				245,632
Equipment					
Motor Vehicles	(8.00)				(8.00)
Total	727,307	5,271			732,578
Less:					
(Pos Ct) General	610,192	5,271			615,463
(Pos Ct) Federal	87,115				87,115
(Pos Ct) Special	30,000				30,000

A. Explain all transfers within the program I.D. and its impact on the program. N/A

B. Explain all transfers between program I.D.s and its impact on the program. N/A

C. Explain all Governor's restrictions and the impact on the program. None

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V. Budget Request for Fiscal Year 2008-09

	Act 213/07 <u>FY 08-09</u>	Budget Request <u>FY 08-09</u>	<u>Total Requirements</u>
(Pos Count)	(8.00)		(8.00)
Personnel Svcs	481,675		481,675
Current Expenses	245,632		245,632
Equipment			
Motor Vehicle			
TOTAL REQUIREMENTS	727,307		727,307
(Pos. Ct.)	(8.00)		(8.00)
General Funds	610,192		610,192
(Pos. Ct.)			
Federal Funds	87,115		87,115
(Pos. Ct.)			
Special Funds	30,000		30,000

A. Description and Explanation of Each Request.

There are no Supplemental Budget Requests.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2008-2009. None

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 04 02

Program I.D. and Title: AGR 161 - Agribusiness Development

I. Introduction

A. Summary of Program Objectives

To facilitate and coordinate the development and expansion of Hawaii's agricultural industry by directly participating in the shift from plantation-based production and infrastructure to a market-driven, diversified agriculture industry.

B. Description of Program Activities

The Agribusiness Development Corporation (ADC) coordinates and administers programs to assist agricultural enterprises with facilitating the transition of agricultural infrastructure from plantation operations into other agricultural enterprises and providing leadership for the development, financing, improvement, or enhancement of agricultural enterprises and assets.

C. Explain how your Program intends to meet its objectives within the upcoming fiscal year.

The ADC intends to meet its objectives by 1) focusing its efforts on potential revenue-generating, occasionally complex agricultural land projects that impact regional and/or industry-wide concerns; 2) initiating development of facilities and providing support as necessary for successful diversified agriculture, 3) continuing its efforts in participating with Federal and State agricultural land-preservation programs or acquiring land for the purpose of conserving ag lands; and 4) seeking solutions to bottleneck issues that face the agriculture industry.

II. Program Performance Results

A. Discuss the performance results achieved by your Program in FY 2007.

Kekaha Agricultural Lands, Kauai. The ADC continues to manage 12,500 acres of agricultural lands in Kekaha, and has executed two long-term licenses with tenants with four others pending. A 20-year Memorandum of Agreement between the ADC and the Kekaha Agricultural Association (KAA) was also executed, which primarily memorializes responsibility for operating, maintaining and repairing common infrastructure.

As a result of the March 2006 storms, the ADC funded approximately \$400,000 in repairs to the irrigation and drainage systems and roadways. About 75% of the repair costs were

reimbursed to the ADC by the Federal Emergency Management Administration (FEMA) since Kauai was declared a disaster area.

The ADC contracted experts from University of Hawaii's College of Tropical Agriculture and Human Resources (CTAHR) to recommend methods to contain the waste from a Kekaha piggery operation which could potentially contaminate the surrounding water bodies.

Under a 3-year contract with the U.S. Navy (Navy), the ADC is beginning its third year in directing all work pertaining to the operation and maintenance of Nohili and Kawaiele pump stations and the associated drainage canals and infrastructure at Kekaha and Pacific Missile Range Facility (PMRF). In addition, the ADC is the permittee of a National Pollutant Discharge Elimination System (NPDES) permit for the drainage system, and must monitor and report data to the U.S. Environmental Protection Agency and the State Department of Health. At the Kawaiele pump station, a 100-hp pump which was the work horse to maintain the water level at -2 ft. MSL became damaged beyond repair. It was eventually determined that silt accumulation at the inlet of the pump station had limited water flow into the wet well. To offer immediate relief, the ADC performed emergency dredging of the wet well and approach canal which were not identified in the Navy contract.

Waiahole Water System (WWS). The WWS continues to deliver a reliable flow of irrigation water to farmers in Mililani and Kunia to support their evolving agricultural enterprises. Accurate data on water use and system loss continue to be provided to the Commission on Water Resource Management (CWRM). Although DelMonte, a major WWS water user, ceased its operation in Kunia during the Fall of 2006, WWS water use actually increased due to drier weather conditions and increased diversified agriculture activities. The ADC worked with landowner Campbell Land Co. to help transition the vacated Kunia land from pineapple operation to diversified agriculture.

The ADC has taken several steps to address system water loss. In the summer of 2007, the ADC completed installation of a pump-back system at Reservoir 225 to improve operating efficiency of the ditch and reduce system overflow losses. The ADC has also contracted with an engineering firm to investigate other possible sources of water loss from aging plantation-owned irrigation systems. Results should be available in mid-2008. To ensure that ADC has the ability to spend State and federal money to line the reservoirs on private land, an easement for access to Reservoir 155 has been obtained from Campbell Land Co. and an easement for Reservoir 225 is being worked on with M. A. Robinson Trust. For FY 2009, the ADC has requested funds for a capital improvement project to line the reservoirs under a 65/35 cost-share arrangement between the U.S. Army Corps of Engineers and the State.

Kau Irrigation District.

At its March 1, 2007 meeting, the ADC Board of Directors approved to take on the Kau irrigation systems as a project. The project will involve requesting the transfer of the state-owned water sources from DLNR to ADC and the negotiation of a long-term agreement

with the Kau water users who have formed a cooperative. An unofficial, quick estimate of the current annual farm gate value of the crops grown in Kau is \$10 - \$15 million.

East Kauai. The ADC continues to support the transition of the East Kauai Irrigation System (EKIS) to diversified agricultural use. Pursuant to Act 212, SLH 2006, the ADC awarded a \$100,000 contract for repair and maintenance of the system in FY 2007, and will award a \$50,000 for similar services in FY 2008. Furthermore, pending resolution of water diversion concerns and a potential contested case, the ADC is awaiting the transfer of EKIS and approximately 7,000 acres of land from the DLNR to the ADC. Upon transfer of the land and irrigation system, land licenses, maintenance of common infrastructure and water use agreements can be negotiated with tenants.

Wahiawa Irrigation System. In the fall of 2006, Dole Food Company expressed interest in gifting its Wahiawa irrigation system to the state (ADC) as the cost to maintain and repair the system has become too expensive for a private company to absorb. This major irrigation system services up to 10,000 acres of former plantation lands on the North Shore of Oahu. ADC initiated an engineering study of the irrigation system, including Lake Wilson, with objectives to evaluate the cost of repairing the system and the potential benefits and liabilities of taking over this privately owned system.

Farm and Ranchland Protection Program (FRPP). In support of the effort to protect agricultural lands, the ADC is working with U.S. Department of Agriculture, Natural Resource Conservation Service (NRCS), DLNR and Hawaii Agriculture Research Center on a FRPP agreement. In August 2006, ADC executed an agreement with NRCS and obligated \$1.8 million of federal funds for the purchase of an agricultural conservation easement in Kunia under the FRPP. In June 2007, ADC was also able to secure \$1.1 million from the Legacy Land Conservation fund managed by the DLNR as matching funds for the federal money. The ADC continues to work with the various agencies on administrative steps relating to the purchase of the easement, which is expected to close in 2008.

Kauai Tropical Fruit Disinfestation Facility. The ADC finished the \$150,000 capital improvement project at the facility, which will still need to be re-certified by USDA-APHIS before treatment can start. In the mean time, the ADC continued to work with CTAHR, the Kauai Farm Bureau Development Corporation, the County of Kauai and the Kauai Economic Opportunity (KEO), towards reopening of the Kauai Tropical Fruit Disinfestation facility. Focus has been on papaya production on the island.

The ADC was the expending agency for a \$250,000 legislative grant awarded to KEO for the training of papaya farmers and treatment facility workers, whose target population is the socially disadvantaged residents.

Solar Water Disinfestation Demonstrative Project. The ADC provided funding to a group of researchers at CTAHR to demonstrate the use of solar technology to reduce the microbial load on irrigation water. The objective of this project was to evaluate the feasibility and operating costs associated with this technology in a remote farm setting. The demonstrative

unit was assembled and operated at a farm in the Kula Ag Park on Maui. Test results showed that the microbial count reduction on the water treated by this unit was significant enough to make the technology worthwhile to consider as an alternative to chlorine, ozone, or UV treatments.

Inter-Island Transportation Study. The ADC worked with the Manufacturing Extension Partnership (MEP) of the High Technology Development Corporation to conduct a study on inter-island transportation of agricultural products in the event Young Brothers implements a less-than-container-load policy. A final report is expected in December 2007.

Development of a Tea Industry. ADC partnered with CTAHR on this multi-year project to develop a tea industry on the Big Island. This year an in-ground procedure for rooting tea cuttings was completed. This will be a simpler, faster, and lower cost method for producers to get tea plants in the field and will alleviate a bottleneck identified by the industry.

Agricultural Worker Housing Demonstrative Project. Responding to the unavailability and the high cost to provide housing for agricultural workers, the ADC began to look into the feasibility of assisting the farmers to build worker housing at its Kekaha property as a demonstrative project.

B. Explain how these results relate to the Program's Objectives and Department's mission.

The results are related to ADC's objective by providing expertise in areas such as irrigation systems and agricultural land management, and by facilitating/initiating studies that have the potential to develop and/or expand diversified agriculture in Hawaii. ADC also provides support to various agencies and programs that develop regional commodities, protect farmland, protect and maintain facilities and infrastructure, assist socially disadvantaged farmers, and market agricultural products.

In addition to providing expertise in operating irrigation and drainage infrastructures and managing agricultural lands, the results are related to the department's mission to assist in maintaining the strength and competitiveness of the agricultural sector of the state's economy by facilitating or initiating innovative studies and projects that have the potential to sustain, develop and/or expand the agricultural industry in Hawaii.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past 2 years.

The ADC's effectiveness can be measured by the acreage of agricultural land that is served by State-owned infrastructures that are managed or operated with ADC's assistance. The number of executed long-term agreements (i.e. land licenses and leases/subleases), the number of capital improvement projects and studies on State-owned infrastructures, and the number of projects that protect agricultural resources can also be good indicators of ADC's effectiveness.

During the past two years, the ADC:

- Executed a 20-year Memorandum of Agreement with the Kekaha Agriculture Association (KAA) regarding operation and maintenance of common areas within the Kekaha ag lands
- Executed two long-term land license agreements with tenants.
- Funded approximately \$400,000 in repairs to irrigation and drainage systems and roadways in Kekaha that were damaged during the storms in March 2006, of which 75% of the costs were reimbursed by FEMA.
- Completed the second and began the third year of a three-year contract with the Navy to operate and maintain the Nohili and Kawaietele pump stations and the associated drainage canals and infrastructure at Kekaha and Pacific Missile Range Facility (PMRF).
- Completed a pump back system at a Kunia reservoir to improve operating efficiency of the WWS ditch and reduce system overflow losses.
- Contracted with an engineering firm to investigate possible sources of water loss from aging plantation-built infrastructures now used to transport water to agricultural lands.
- Requested transfer of Kau irrigation system water sources from DLNR to ADC.
- In FY 07, provided \$100,000 toward repair and maintenance of East Kauai Irrigation System and in FY 08 will expend \$50,000 for a similar scope of work.
- Completed a preliminary study of the Wahiawa irrigation system with the objective of evaluating the cost to repair the system and evaluating the potential benefits and liabilities of ADC taking over the system.
- Executed an agreement with NRCS to obligate \$1.8 M in Farm and Ranch Land Protection Program federal funds for the purchase of an agricultural conservation easement and secured matching funds of \$1.1 M from DLNR's Legacy Land Conservation fund.
- Executed an Option to Purchase Agreement with HARC to purchase a conservation easement in Kunia, when all FRPP funding is secured.
- Funded a demonstrative project coordinated by CTAHR to evaluate the feasibility and operating costs associated with a solar water disinfection system.
- Contracted with Manufacturing Extension Partnership to conduct a study on inter-island transportation of agricultural products in the event Young Brothers implements a less-than-container-load policy.
- Initiated a demonstrative project to look into the feasibility of assisting farmers in building worker housing.

D. Discuss actions taken by your Program to improve its performance results.

Since the ADC has a limited staff, we will improve our performance results by contracting with technical and professional specialists as deemed advantageous and as ADC's budget allows. We are also seeking approval to fill a full-time exempt Project Coordinator position so that we can keep up with the demands of ADC's services.

The ADC will leverage its resources by collaborating and associating with various private, government (federal, state and county), and non-profits to continue to develop agricultural-based businesses as a driving force of the State's economy.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Problems and Issues

- A. Discussion of problems and issues encountered by program

The ADC received concurrence from the HGEA and UPW to reorganize and transfer a vacant supervisor position from the Waiahole Water System Revolving Fund to Agribusiness Development Revolving Fund as a Project Coordinator, but the request to fill the position has not been approved. With projects such as the East Kauai irrigation system and Kau irrigation system pending transfer from DLNR to ADC in the next one to three years, current staff will not be able to keep up with procuring and administering new and continuing professional service, O&M and capital improvement contracts.

- B. Program change recommendations to remedy problems

There are no recommendations to change the program that will remedy this problem without having a negative impact on the program.

- C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

See III.A. above.

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IV. Expenditures for FY 2007-08

	Appropriation Act 213/07 <u>FY 08.</u>	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Appn</u>	Net Allocation Est. Total <u>Expenditure</u>
(Pos Ct) Pers Svcs	612,224	33,456			645,680
Current Expenses	2,869,095				2,869,095
Equipment					
Motor Vehicles	20,000				20,000
Total	3,501,319	33,456			3,534,775
(Pos Ct) General	140,558				140,558
(Pos Ct) Revolving	3,360,761	33,456			3,394,217

- A. Explain all transfers within the program I.D. and its impact on the program. N/A
- B. Explain all transfers between program I.D.s and its impact on the program. N/A
- C. Explain all Governor's restrictions and the impact on the program. None

FB 2008-09 Supplemental Budget Request – AGR 161

V. Supplemental Budget Request for Fiscal Year 2008-09

	<u>Act 213/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 08-09</u>	<u>Total Requirement</u>
(Pos Count)			
Personnel Svcs	612,224		612,224
Current Expenses	2,869,095		2,869,095
Equipment			
Motor Vehicle	20,000		20,000
TOTAL REQUIREMENTS	3,501,319		3,501,319
(Pos Ct)			
General Fund	140,558		140,558
(Pos Ct)			
Revolving Fund	3,360,761		3,360,761

Description and Explanation of Each Request.

There are no Supplemental Budget Requests.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2008-09. None.

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 03 03

Program I.D. and Title: AGR 171 - Agricultural Development and Marketing

I. Introduction

A. Summary of Program Objectives

To promote the economic viability of commercial agriculture by sponsoring joint marketing programs for agricultural products with high revenue growth potentials; facilitating the development and expansion of marketing opportunities for targeted agricultural and processed products; and providing timely, accurate and useful statistics.

B. Description of Program Activities

Hawaii Agricultural Statistics (HAS). Provides official estimates of acreage, production and value of major agricultural crops, livestock inventories, and production and value of livestock, poultry, and their products. These estimates are disseminated in published reports, news releases, and website.

Market Analysis and News Branch (MANB). Conducts economic analysis and research, collects data on agricultural commodities shipments, supply and wholesale prices and dissemination of information by electronic media, news releases, telephone recorder, and website.

Market Development Branch (MDB). Assists producers and distributors to introduce their products to consumers; assist in developing efficient channels of distribution for agricultural products; and help existing industries to maintain their viability.

C. Explain how your Program intends to meet its objectives within the upcoming supplemental year.

This program will continue to provide timely, accurate and useful statistics of Hawaii's agriculture to support production, marketing, policy, planning and research functions. HAS will update an agricultural-tourism survey and also focus on the 2007 Census of Agriculture. MDB is administrating the livestock feed reimbursement program and expanding the Hawaii Seals of Quality program. The program will continue in marketing efforts to expand opportunities in local and export markets for Hawaii grown and manufactured products. The program will remain committed to partnerships in agriculture to pursue federal grants to leverage state funding for research, development and promotional projects.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007.

In FY 2007, the HDOA marketing team participated in several high profile promotions with celebrity chefs. Hawaii agricultural products were featured in the final two episodes of Bravo's Top Chef 2006. Each of the two television episodes were seen by over four million viewers across the country. Hawaii Seals of Quality products and producers were also featured in the 2007 *Chefs Du Jour* event in Honolulu. The top three *Hale Aina* award winning chefs, Alan Wong, Roy Yamaguchi and George Mavrothalassitis were joined by Art Smith, personal chef to television celebrity Oprah Winfrey in that event. Finally, numerous local farmers and their products were featured in KITV's morning show.

The USDA Risk Management Agency (RMA) approved the expansion of its Adjusted Gross Revenue-Lite (AGR-Lite) insurance plan for all counties in Hawaii. This new product will provide farmers with insurance protection against low revenue due to unavoidable natural disasters and market fluctuations that affects the farm's income. ADD had applied for this insurance program expansion to Hawaii in March 2006.

The program collaborated with the Hawaii Farm Bureau Federation (HFBF) in a grant proposal to the USDA's Farmers Market Promotion Program (FMPP). Hawaii was awarded \$29,300 to establish and promote a new producer-only farmers market in Waianae, Oahu, that will offer fresh fish and agricultural products, which will provide farmers and fishers in the area a new direct-to-consumer market channel.

Two projects under the Federal-State Marketing Improvement Program (FSMIP) were successfully completed. These projects were entitled "An Economic Assessment of the Competitive Disadvantages of Select Hawaii Agricultural Exports to U.S. Markets" and "Feasibility of a Farmer-Based E-Commerce Market in the State of Hawaii."

The program has trained nine new export companies under the Western United States Agricultural Trade Association's (WUSATA) Export Readiness Training (ERT) Program. Under the WUSATA Branded Program which subsidizes qualifying American companies with branded products in international markets, Hawaii's participation has increased from four companies with funding totaling \$95,000 in 2006 to seven companies with funding totaling \$260,000 in 2007. Advances in opening the Taiwan market for value-added agricultural products have also been made. Recently, 16 products from Hawaii were among 22 products from the Western U.S. featured in a product sensory perception program in Taipei.

B. Explain how these results relate to the program's objectives or the department's mission.

All the above helps us to facilitate the expansion of Hawaii's diversified agriculture

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The number of contacts, reports completed and percentage of requests fulfilled in a timely manner, and return on investment for sales generated in trade shows and missions are used to measure program effectiveness.

- D. Discuss actions taken by your program to improve its performance results.

The program will continue to focus on staff development, partnership with industry segments and collaboration with federal and state agencies or institutions to provide needed services in facilitating the expansion of diversified agriculture.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Issues or Problems

- A. Discussion of issues or problems encountered by program

No significant issue or problem encountered

- B. Program change recommendations to remedy problems

No significant issue or problem encountered

- C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

No significant issue or problem encountered

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IV. Expenditures for FY 2007-2008

	Appropriation Act 213/07 <u>FY 08</u>	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Appn</u>	Net Allocation Est. Total <u>Expenditure</u>
(Pos Ct)	(18.00)				(18.00)
Pers Svcs	909,267	65,600			974,867
Current Expenses	1,545,286				1,545,286
Equipment					
Motor Vehicles	(18.00)				(18.00)
Total	2,454,553	65,600			2,520,153
(Pos Ct)	(18.00)				(18.00)
General	2,379,553	65,600			2,445,153
(Pos Ct)					
Federal	75,000				75,000

- A. Explain all transfers within the program I.D. and its impact on the program. N/A
- B. Explain all transfers between program I.D.s and its impact on the program. N/A
- C. Explain all Governor's restrictions and the impact on the program. None

FB 2008-09 Supplemental Budget Request- AGR 171

V. Supplemental Budget Request for Fiscal Biennium 2008-2009

	<u>Act 213/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 08-09</u>	<u>Total Requirement</u>
(Pos Count)	(18.00)		(18.00)
Personnel Svcs	909,267		909,267
Current Expenses	1,045,286	129,500	1,174,786
Equipment			
Motor Vehicle			
	(18.00)		(18.00)
TOTAL REQUIREMENTS	1,954,553	129,500	2,084,053
Less:			
(Pos Ct)	(18.00)		(18.00)
General Fund	1,879,553		1,879,553
(Pos Ct)			
Special Fund		20,000	20,000
(Pos Ct)			
Federal Fund	75,000	109,500	184,500

Description and Explanation of Each Request.

1. Request to continue expenditure ceiling for Seal of Quality special fund that was established by Act 120, SLH 2007.

	<u>MOF</u>	<u>FY 09</u>
Other Current Expenses	B	20,000
TOTAL	B	20,000

Act 120, SLH 2007 establishes a special fund to collect revenues from the Hawaii Seals of Quality program. An expenditure ceiling of \$10,000 was appropriated for FY08 only. Continuation of expenditure ceiling for FY09 will allow the program to continue utilizing funds collected to offset expenditures incurred in promotional and marketing activities to benefit the Seals of Quality program and its participants. Funds will be used for promotion of the program and travel to inspect sites to ensure the qualifications of program participants.

2. Increase federal fund ceiling to accept and expend federal monies for the promotion of specialty crops.

	<u>MOF</u>	<u>FY 09</u>
Other Current Expenses	N	109,500
TOTAL	N	109,500

The U.S. Specialty Crops Competitiveness Act of 2004 authorizes USDA to make grants to state departments of agriculture solely to enhance the competitiveness of specialty crops. Hawaii's allocation is about \$109, 200 annually and the HDOA expects its proposal to be fully funded in FY 2008 and FY 2009. The HDOA will utilize this grant funds to strengthen consumer awareness and to promote sales of specialty crops that are grown in Hawaii in both the local and export markets.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2006-07. None.

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 01 03 04 03

Program I.D. and Title: AGR 192 - General Administration for Agriculture

I. Introduction

A. Summary of Program Objectives

To expand agriculture's contribution to the State's economy by providing leadership, formulating policies and plans, directing operation, allocating resources and staff, providing for the exchange of information between stakeholders, and enhancing the effectiveness and efficiency of the department's programs.

B. Description of Program Activities

The Chairperson's Office plans, directs and coordinates the work of the department; formulates and develops policy; maintains relationships with the Governor, Legislature, federal, state, county agencies and agricultural organizations; administers a public affairs program; prepares, coordinates, and monitors efforts to implement general and special plans; reviews agricultural needs related to land use, and prepares recommendations regarding State and County land use policies and procedures; and prepares and disseminates tabular and map data on the productivity and use of agricultural lands.

The Administrative Services Office provides staff-support services including fiscal, personnel, budget and management, property management, automotive management, electronic data processing and office services.

C. Explain how your program intends to meet its objectives within the upcoming supplemental year.

Programs annually update their strategic plans to address the department's overall objectives and support the agricultural industry in being a significant and respected driver of the economy.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007 and FY 2008.

Additional resources were targeted to meet the service needs of the industry. These included federal grants and expanded partnerships with other state agencies, federal government, counties and the private sector.

Other specific performance results are detailed in the individual program reports.

- B. Explain how these results relate to the program's objectives and the department's mission.

The results are related to the program's objectives to coordinate and implement successful programs for the development and expansion of Hawaii's agriculture industry and to support the industry in being a significant and respected driver of the economy.

- C. Explain how the effectiveness of the program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The overall effectiveness of the administrative programs can be measured by how well the various departmental programs meet their objectives and effectively supported the development of agriculture.

- D. Discuss actions taken by your program to improve its performance results.

Divisions will update their strategic plans and implement actions to achieve the goals. Expanded efforts will be direct to maximize partnerships with the federal government, state agencies, and the private sector and assure that all available resources are explored.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Issues and Problems

- A. Discussion of problems or issues encountered by program

The growth of Hawaii's agricultural industry relies upon the successful coordination and implementation of factors relating to land and water, expanded research and production, export treatments, food safety and marketing. The continuing development pressures on our best agricultural lands, the challenge of maintaining infrastructure such as dams and irrigation systems and building a workforce for both field and professional positions are amongst the challenges. Local and overseas market forces and variables such as international trade issues add to the challenge of developing and promoting the industry.

- B. Program change recommendations to remedy problems

The Department will maintain a proactive and flexible approach to meet the continuing challenges, changes and emergencies within the industry. Strong emphasis will continue to be placed upon building partnerships with the federal government, state agencies, and the private sector to maximize the utilization of available resources to address the issues and position Hawaii's agriculture for the long term.

- C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

Other issues and remedies are discussed in detail in individual program reports.

IV. Expenditures for FY 2007-2008

	Appropriation Act 213/07 FY 08	Collective Bargaining Augmentation	Transfer In/Out	Restriction/ Specific Appn	Net Allocation Est. Total Expenditure
(Pos Ct)	(29.00)				(29.00)
Pers Svcs	1,472,416	52,000			1,524,416
Current Expenses	920,024				920,024
Equipment					
Motor Vehicles	(29.00)				(29.00)
Total	2,392,440	52,000			2,444,440
Less:					
(Pos Ct)	(29.00)				(29.00)
General	2,392,440	52,000			2,444,440

- A. Explain all transfers within the program I.D. and its impact on the program. N/A
- B. Explain all transfers between program I.D.s and its impact on the program. N/A
- C. Explain all Governor's restrictions and the impact on the program. None

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V. Supplemental Budget Request for Fiscal Biennium 2008-2009

	<u>Act 213/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 08-09</u>	<u>Total Requirement</u>
(Pos Count)	(29.00)		(29.00)
Personnel Svcs	1,474,665		1,474,665
Current Expenses	980,166		980,166
Equipment			
Motor Vehicle			
	(29.00)		(29.00)
TOTAL REQUIREMENTS	2,454,831		2,454,831
(Pos Ct)	(29.00)		(29.00)
General Fund	2,454,831		2,454,831

A. Description and Explanation of Each Request.

There are no Supplemental Budget Requests.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2006-07. See AGR 141 Appendix A

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 10 01 04 02

Program I.D. and Title: AGR 812 - Measurement Standards

I. Introduction

A. Summary of Program Objectives

To minimize inaccuracy or fraudulent practices in commercial measurement, labeling, and pricing to reduce losses for sellers and consumers through a program of licensing, inspecting, testing, calibrating, and investigating complaints.

B. Description of Program Activities

The measurement standards program consists of two major areas:

1. Standards and Trade Practices Enforcement Section. Responsible for programs that assure transactions or processes involving measuring instruments, product standards, and packages of consumer commodities are accurate and fair to all parties involved.
2. Standards and Technical Services Section. Responsible for programs assuring that physical standards used for measurement in the state conform to national measurement standards, ensuring that standards used by Division personnel and industry in the State are accurate and traceable to national standards, and testing certain commodities for compliance with quality standards.

C. Explain how your Program intends to meet its objectives within this biennium.

Continue to inspect and test devices and check labeling, net content and pricing to the extent possible with reduced staffing. Emphasis will be placed on areas where the greatest non-compliance has been experienced in the past. Changes will be made to the rules to gain assistance from registered service agencies in inspecting non-defective devices. Registration fees will be increased to more adequately cover the costs of conducting the inspections.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007.

The compliance rate of commercial devices remained stable at around 86%, with only 30% of the commercial devices registered being inspected during FY 07. There were 126 requests for label analysis in FY 07. During FY 07, 19 stores were inspected for price verification, 100 percent of them met the minimum tolerance of less than two percent overcharge errors.

The program continues to investigate complaints. The program received and investigated 6 odometer complaints, a significant decrease from the 15 investigations done in FY 06.

- B. Explain how these results relate to the program's objectives and the department's mission.

The program has a direct connection to agriculture and the sale of agricultural commodities through the registration and testing of commercial measuring devices. The program also supports agriculture through the enforcement of specific agricultural labeling requirements. A robust measurement standards regulatory and enforcement program provides the market infrastructure and enforcement framework necessary to facilitate a healthy and prosperous economy.

Accurate measuring devices assure producers and consumers of agricultural commodities and other products that they are receiving true measure, which affects revenue received, and value for the price paid. Enforcement of labeling requirements, in part, helps to assure that products claimed to be from Hawaii actually are from Hawaii and protects this market niche for producers of Hawaii diversified agricultural products. Enforcement of specific agricultural labeling requirements for Hawaii-grown coffee, Hawaiian macadamia nuts, Koa wood, and Island Fresh milk also enhances the use of Hawaii produced products. The verification of pricing accuracy further improves the consumer's confidence in the marketing system. This program in general creates equity in the market place, which brings value to both the business and the consumer. The program provides value to businesses by providing a level playing field. The program provides value to the public by ensuring that commodities offered for sale have been accurately measured.

- C. Explain how the effectiveness of the program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past 2 years.

The compliance rate for devices, labels and prices inspected continues to be the major measures of program effectiveness. Compliance for all devices has been around 86% in the past few years and this continues to be the area where the greatest manpower resources are devoted. Labeling and content compliance rates have both been in the 97% to 100% range for the past two years. Pricing compliance has increased from 98% to 100%; this area will continue to have increased effort to improve compliance.

- D. Discuss actions taken by your program to improve its performance results.

The program is reviewing and revising standard operating procedures and Chapter 87 and Chapter 96 administrative rules. The program is evaluating the appropriate use of the authority to adopt rules that would authorize registered private service agencies to conduct annual inspection of devices. Before these rules are adopted the capabilities of the service agencies need to be evaluated. There are perceived advantages to this approach that would allow the department to only randomly check the devices that are determined "correct" by the service agencies and spend more time on the devices reported to be in error, repaired, or

newly placed in service. The program is implementing trend analysis, pareto analysis and causal analysis and corrective actions directed at systemic problems. The program is also working on improving the reliability and repeatability of inspections.

The program is in the process of evaluating an upgrade in hardware and software applications that will make the program inspection activities more efficient. Specifically, the program is developing a method of inspecting taxi meters that utilized Radio Frequency Identification (RFID) technology to automatically enter business, taxi, and inspection information via RFID. The hardware and software upgrades are designed to keep more accurate records of business information and inspection data while reducing the amount of time it takes an inspector to carry out some types of inspections.

- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

No modifications were made to this program's performance measures.

III. Issues and Problems

- A. Discussion of issues or problems encountered by program.

The Maui district is without a resident inspector due to a retirement however recent interviews have been held for this position. Honolulu is short two inspectors due to resignation. Inspectors have to travel to neighbor islands when critical needs arise. The current budget appropriation does not contain the resources necessary to train new inspectors, purchase essential equipment for field data collection and upgrades to the metrology laboratory, or replace aging program vehicles. Paper based field data collection and manual data entry continue to contribute to inefficient man hour utilization, inaccurate data entry and a lack of data analysis capabilities.

- B. Program change recommendations to remedy problems.

Fill the vacant position on Maui and the two vacant positions in the Honolulu office. The program is evaluating the appropriate use of the authority to adopt rules that would authorize registered private service agencies to conduct annual inspection of devices. Revision and adoption of Chapters 87 and 96 administrative rules will significantly increase deposits to the general fund. Pricing on fuel meter licensing has been increased and will bring in over \$100,000 annually to the general fund. The program is in the process of evaluating the purchase of equipment and software upgrades that will allow for the elimination of the paper based data collection and data entry system, improve manpower utilization, keep more accurate business records and inspection data and reduce the overall amount of time it takes an inspector to carry out some types of inspections. Development of the RFID taxi meter project will be facilitated through the development of an RFID laboratory within the division.

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- C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

The program has initiated the process to fill all vacant positions and submitted the requests to fill to Budget and Finance. The program is seeking collaborative partnerships with businesses and industry to develop the hardware and software applications necessary to implement the RIFD project.

IV. Expenditures for FY 2007-2008

	Appropriation Act 213/07 <u>FY 08</u>	Collective Bargaining <u>Augmentation</u>	Transfer <u>In/Out</u>	Restriction/ <u>Specific Appn</u>	Net Allocation Est. Total <u>Expenditure</u>
(Pos Ct)	(15.00)				(15.00)
Pers Svcs	632,580	13,000			645,580
Current Expenses	86,565				86,565
Equipment					
Motor Vehicles	(15.00)				(15.00)
Total	719,145	13,000			732,145
Less:					
(Pos Ct)	(15.00)				(15.00)
General Fund	719,145	13,000			732,145

- A. Explain all transfers within the program I.D. and its impact on the program. N/A
- B. Explain all transfers between program I.D.s and its impact on the program. N/A
- C. Explain all Governor's restrictions and the impact on the program. None

FB 2006-07 Supplemental Budget Request- AGR 812

V. Budget Request for Fiscal Biennium 2008-09

	<u>Act 213/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 08-09</u>	<u>Total Requirements</u>
(Pos Count)	(15.00)		(15.00)
Personnel Svcs	632,580		632,580
Current Expenses	86,565		86,565
Equipment			
Motor Vehicle			
	(15.00)		(15.00)
TOTAL REQUIREMENTS	719,145		719,145
Less:			
(Pos Ct)	(15.00)		(15.00)
General Fund	719,145		719,145

A. Description and Explanation for Each Request

There are no Supplemental Budget Requests.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2008-09. None

VIII. Proposed Lapses of Capital Improvements Program Projects. None

DEPARTMENT OF AGRICULTURE
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL BIENNIUM 2008-2009

Program Structure Number: 04 01 02
Program I.D. and Title: AGR 846 – Pesticides

I. Introduction

A. Summary of Program Objectives

To ensure the effective, efficient, and safe use of pesticides and to minimize the possible adverse effects on people and the environment while considering the benefits of their use.

B. Description of Program Activities

The pesticides program regulates the distribution and use of pesticides through a program of licensing, testing the competency of restricted-use pesticide applicators, monitoring pesticide usage and educating distributors and applicators.

C. Explain how your program intends to meet its objectives within the upcoming fiscal year.

The program will conduct about 500 inspections of pesticides dealers and users. Pesticides with chemicals that may leach into ground water will be reviewed to determine management strategies to protect ground water. Applicants seeking certification to use restricted-use pesticides will be tested and systems to maintain records of applicators will be updated to link pesticide use information to geographic information systems so that resources such as wells and streams in the vicinity may be monitored for pesticide residues. About 1,400 individuals are currently licensed as restricted-use pesticide applicators in Hawaii.

Support services contracts such as:

- Poison prevention outreach to household users of pesticides;
- Unwanted pesticide collection and disposal,
- Registration support for current and promising new crops,
- Professional services for technical support for ground water protection programs,
- Integrated pest management strategies for schools; and
- Support pesticide risk reduction educational programs, will be entered into to meet program objectives.

II. Program Performance Results

A. Discuss the performance results achieved by your program in FY 2007.

The number of drinking water sources requiring treatment to meet standards has been steady at about 12. The number of severe pesticides exposures for FY 07 has not been reported

yet, but given the number of incidents that occurred over the past year, is expected to be about 20-40.

Over 400 inspections of pesticide distributors and users were conducted. Areas of noncompliance continue to be some structural fumigation applicators who take short cuts that may result in increased risk to building occupants following fumigation, and failure of pesticide retailers and producers to license pesticide products. Over \$5,000 in penalties were collected by the State last year. Cases referred to the EPA resulted in penalties of about \$700,000.

Rules were enacted clarifying the authority of the program to protect ground water, revise the list of restricted-use pesticides to those the State has environmental and toxicity concerns.

B. Explain how these results relate to the program's objectives and the department's mission.

These results suggest that the program continues to identify and modify activities to protect human health and the environment while maintaining important pesticide uses. A balanced approach is needed because without pesticides, pests would be more difficult to control, affecting human health and the environment. Responsible management of pesticides is necessary to mitigate risks.

C. Explain how the effectiveness of the program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and compare with the performance results achieved during the past two years.

The program has three measures of effectiveness:

Number of Exposures to Pesticides: The number of exposures to pesticides as reported to the poison hotline is expected to remain close to 1200 per year. Most frequently reported pesticides involved in the exposures are household disinfectants and cleaners, which account for 45% of all pesticides exposures. About 20% of these exposures involve household bleach. Although final statistics for FY-07 have not been submitted yet, preliminary review suggests that there is no significant difference from prior years.

Number of Drinking Water Sources Requiring Treatment to Meet Health Standards: Twelve (12) drinking water sources have either been closed or require treatment to meet drinking water standards. This number has not changed in over a decade, suggesting that ground water protection programs are working.

Crop Losses Averted through Emergency Applications of Pesticides: The only active emergency exemption was a quarantine exemption to use hydrated lime to control frogs. There are no significant crop losses averted from the use of hydrated lime. The exemption will expire in April 2008. The Department is working with the County of Hawaii and The U.S. Department of Agriculture, Animal Damage Research Center in Hilo to identify alternative chemicals. Endosulfan has been identified as an alternative that can be used in

nurseries, and research is proceeding on substances for use in residential areas (sodium and potassium bicarbonate appear to be promising).

D. Discuss actions taken by your program to improve its performance results.

The program continues to schedule inspections where there is high risk and non-compliance is observed, such as structural fumigation. The department is also working with the Pesticides Advisory Committee, consumer and industry representative to post information such as hotline information and disposal contacts where pesticides are offered for sale.

E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

No modifications have been made to the performance measures.

III. Problems and Issues

A. Discussion of problems and issues encountered by program.

A problem encountered is that school evacuations have resulted from pesticide applications that "drift" from urban and agricultural sources. There is a concern that children and teachers may be exposed to pesticides residues. Some teachers and Hawaii State Teachers Association (HSTA) have sought assurances that drift will be prevented. By definition "drift" is particle or aerosol movement from the site of application at the time of application. Drift may be prohibited or otherwise regulated by label conditions. Other types of movement, such as from pesticides that are associated with wind-borne soil particles, or chemicals that volatilize after application causing odors are not considered "drift", and are not usually covered by label restrictions. HSTA and others have expressed concerns about any off-site movement of pesticide residues

B. Program change recommendations to remedy problems

Legislative action is needed on important agricultural lands to keep these lands preserved for agriculture. Non-agricultural developments encroaching in agricultural areas should be required to maintain sufficient buffers to minimize conflicts between non-agricultural uses and normal agricultural practices and preserve the right to farm in Hawaii.

C. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.

A program to protect drinking water sources from pesticide residues is under review. Regulatory options for some pesticides are being discussed with the Pesticides Advisory Committee. There is concern that some new and "safer" pesticides are not available for important uses. Drinking water protection programs have prevented further contamination of groundwater, but have also reduced the availability of some pesticides. Discussions are

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underway with the pesticides advisory committee to review, and if necessary, make program adjustments.

IV. Expenditures for FY 2007-08

	Appropriation Act 213/07 FY 08	Collective Bargaining Augmentation	Transfer In/Out	Restriction/ Specific Appn	Net Allocation Est. Total Expenditure
(Post Ct)	(23.00)				(23.00)
Pers Svcs	1,442,369	21,000			1,463,369
Current Expenses	641,003				641,003
Equipment	10,000				10,000
Motor Vehicles	28,400				28,400
Total	(23.00) 2,121,772	21,000			(23.00) 2,142,772
Less:					
(Pos Ct) General	(18.00) 930,478	11,000			(18.00) 941,478
(Pos Ct) Revolving	(4.00) 765,470				(4.00) 765,470
(Pos Ct) Federal	(1.00) 425,824	10,000			(1.00) 435,824

- A. Explain all transfers within the program I.D. and its impact on the program. N/A
- B. Explain all transfers between program I.D.s and its impact on the program. N/A
- C. Explain all Governor's restrictions and the impact on the program. None

FB 2008-09 Supplemental Budget Request – AGR 846

V. Supplemental Budget Request for Fiscal Year 2008-2009

	<u>Act 213/07</u> <u>FY 08-09</u>	<u>Budget Request</u> <u>FY 08-09</u>	<u>Total</u> <u>Requirement</u>
(Post Ct)	(23.00)		(23.00)
Personnel Svcs	1,442,369		1,442,369
Current Expenses	641,003		641,003
Equipment	10,000		10,000
Motor Vehicles	28,400		28,400
	(23.00)		(23.00)
TOTAL REQUIREMENTS	2,121,772		2,121,772
(Pos Ct)	(18.00)		(18.00)
General Funds	930,478		930,478
(Pos Ct)	(1.00)		(1.00)
Federal Funds	425,824		425,824
(Pos Ct)	(4.00)		(4.00)
Revolving Funds	765,470		765,470

Description and Explanation of Each Request

There are no supplemental budget requests.

VI. Restrictions/Reductions. None

VII. CIP Request for Fiscal Biennium 2008-09. None

VIII. Proposed Lapses of Capital Improvements Program Projects. None