

House District X

Senate District X

**THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Hawaii Farm Bureau Federation

Db: Hawaii Farm Bureau

Street Address: 92-1770 Kunia Road, Kunia, HI 96759

Mailing Address: P.O. Box 253, Kunia, HI 96759

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name BRIAN MIYAMOTO

Title EXECUTIVE DIRECTOR

Phone # 808-848-2074

Fax # 808-848-1921

e-mail brian@hfbf.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

HAWAII FARM BUREAU'S FOOD SAFETY VIABILITY FOR HAWAII'S FARMERS

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ 2,000,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ _____

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

AUTHORIZED SIGNATURE

BRIAN MIYAMOTO
NAME & TITLE

01/31/2014
DATE SIGNED

I. Background and Summary

1. Applicant's Background.

The Hawaii Farm Bureau (HFB) is a non-profit organization of farming families united for the purpose of analyzing problems and formulating action to ensure the future of agriculture thereby promoting the well-being of farming and the State's economy. In 1948 a small group of farmers on the Windward side of Oahu organized HFB to represent the voice of agriculture in Hawaii. Today, HFB has grown into a statewide organization consisting of 1,832 members in eleven affiliates located throughout the state.

Agriculture continues to be one of Hawaii's key industries. To ensure agriculture's long-term survival and viability, HFB works with government, the private sector, local communities and individuals. Education, research, advocacy and cooperative ventures are among the programs and efforts HFBF supports for its membership. Taxes, land use, water, pesticide awareness, marketing, legislative and funding issues are some of the areas of concern that the HFB helps the agricultural community address. In addition, public awareness, education and promotion of the importance of agriculture and farming to Hawaii are a significant part of HFB's mission.

HFB has extensive grant administration experience. The 2003, 2004, 2005, 2006, and 2007 Legislature appropriated grants to the Hawaii Farm Bureau for the promotion of Hawaii's agricultural industry through agricultural research and market development projects. In addition, HFB has received grants from the USDA, State of Hawaii, County of Maui, County of Kauai and the City and County of Honolulu.

2. Goals and Objectives. The goal of this request is the demonstration of economically viable techniques by which farmers in Hawaii can meet the food safety requirements of the Food Safety Modernization Act (FSMA). Within the limits of time and funding, this goal will be met by sponsoring research into the food safety aspects of various farming and harvesting practices under realistic conditions at Hawaiian sites. The results will be made available to Hawaii's farmers through publications and workshops describing the results of the research and specifying practical procedures that farmers can use to satisfy FSMA's requirements.

3. Public Purpose and Need to be Served. FSMA, passed in 2009 and signed into law, directs the U.S. Food and Drug Administration (FDA) to create new, stronger regulations to prevent bacterial contamination of produce and to improve traceability of farm products. FDA's proposed regulations were distributed for public comment in early 2013, and FDA is currently in the process of reviewing the many comments it has received.

As currently proposed, some of FSMA's provisions would be difficult and expensive to meet, especially for the small farms that make up the majority of Hawaii's agricultural operations. (According to 2007 census figures, 92% of the farms in Hawaii produce less than \$100,000 in revenue.) The added burden of cost and recordkeeping could tip the balance for many of Hawaii's farmers, making their operations unprofitable. The potential loss of food production presents a threat to Hawaii's efforts towards increased food self-sufficiency.

FSMA does allow some flexibility in food safety procedures, provided that the alternative procedures can be shown scientifically to be at least as safe as the procedures prescribed by FDA's standards. The burden of proof is on the farmer, but few if any of Hawaii's food farms are large enough to sponsor scientific research.

During the past year, the Hawaii Farm Bureau and some of its individual Counties and commodity groups have sponsored workshops to alert their members to FSMA's proposed regulations and to solicit comments and concerns from farmers statewide. We have received many expressions of concern from our members, including the following:

- FDA's proposals include a requirement for bacteriological testing of irrigation water every seven days, if the water comes from a "nonpotable" source. Many farms in Hawaii use water from irrigation ditches, streams, or catchment water which would be subject to this sampling regimen. The cost of such sampling could be thousands of dollars a year, too high for many small farms.
- In addition to the cost of weekly water sampling, Hawaii does not have the facilities to perform weekly tests for a large number of farms.
- Proposed numerical standards for bacterial content of irrigation water have not been established scientifically.
- FDA's proposals include a nine-month waiting period to harvest crops after applying "soil amendments of animal origin" – in other words, manure. This requirement conflicts with the 120-day waiting period specified under USDA's National Organic Program, and would preclude the growing of short-season crops using manures.
- FDA's definition of "soil amendments of animal origin" does not distinguish between manures of warm-blooded animals and those of cold-blooded animals, although the latter do not contain the same potential pathogens as the former. This lack of distinction could preclude the development of aquaponic farms that use recycled aquaculture water as the source of nutrients for plant crops. If taken literally, it could even affect organic farms that use worm castings as soil amendments.
- The "one size fits all" rules do not take into account Hawaii's unique climate and soil conditions, or the variety of crops grown here that are not grown on the Mainland. FDA's proposed rules include exemptions for a list of vegetables that are rarely eaten raw, but the list omits many crops that are grown in Hawaii. The regulations include no provision for adding crops to the exempted list once the list is finalized.
- The proposed rules conflict with established conservation practices that help protect Hawaii's soil, water, and wildlife habitat. Exclusion of wildlife from small farms that are near wildlife habitat will be difficult.
- It is not clear whether or not industry standard methods for processing macadamia nuts will satisfy the requirement for a "validated process that eliminates spore-forming

microorganisms.” If repeated testing is required, the cost of this testing may be passed on to the farmer.

In order to establish alternative food safety procedures that meet FDA’s overall standards under FSMA, but which are appropriate for the small farm size and unique climatic, biological, and economic conditions in Hawaii, it will be necessary to conduct research in several areas. As noted above, Hawaii’s farmers do not have the necessary resources of money, equipment, and scientific know-how to perform this research. We therefore seek to fund research through established research institutions such as the University of Hawaii’s College of Tropical Agriculture and Human Resources, the Hawaii Agricultural Research Center, the USDA’s Pacific Basin Agricultural Research Center. We plan to solicit proposals for one-year research projects targeted to establish specific procedures by which farmers can produce and sell their crops while satisfying the stringent food safety standards set forth by FDA’s FSMA regulations.

4. Target Population. The direct target population for this request is all farmers in Hawaii who will be affected by the expanded food safety requirements of FSMA. This group is likely to include all farmers on every island who produce more than \$25,000 worth of food products for sale.

The indirect target population is the citizens of the State of Hawaii. When farms struggle with compliance costs or fail due to FSMA requirements, food costs will rise and locally produced supplies will dwindle. The cost in terms impacts to the economy, higher unemployment, less availability of highly nutritional locally produced food, a changing landscape and a reduction in food security are real, but difficult to quantify.

5. Geographic Coverage. The geographic coverage of the proposed research will encompass farms located on all of the major Hawaiian Islands.

II. Service Summary and Outcomes

1. Scope of Work, Tasks, and Responsibilities. The Hawaii Farm Bureau (HFB) will issue a Request for Proposals (RFP) and administer and distribute the funds to contracted researchers and/or research groups upon acceptance of written proposals detailing the proposed and standardized research parameters, the results to be obtained and reporting requirements. Proposals will be evaluated based on scientific validity and likely impact upon the ability of Hawaii’s farmers to meet FSMA’s requirements. HFB will continue to monitor FDA’s review process as FDA finalizes its FSMA rules, and will consult with its County chapters and individual farmers regarding research that is most likely to reduce FSMA’s impact upon Hawaii’s varied agricultural sectors and commodity groups. Where necessary, HFB will also seek reviews from outside scientific personnel.

Possible activities include, but may not be limited to:

- Testing of water and soil samples from many sites over a suitable period of time to establish the presence or absence of pathogens, designate appropriate numerical standards for bacterial content of irrigation water, and determine appropriate frequency of water sampling

for different classes of irrigation water.

- Develop protocols to obtain variances/exemptions for certain commodities and procedures.
- Determine appropriate waiting periods before harvest where animal manures are used.
- Establish the safety of cold-blooded animal manures in organic and aquaponic culture practices. (Some preliminary research in this area has been done at CTAHR, but more work needs to be done to establish the safety of these supplements under a variety of conditions.)
- Determine appropriate methods for the exclusion of rodents, feral pigs and chickens, birds, and other animals from farm plots.
- Establish processing procedures for certain crops, such as macadamia nuts, that meet FSMA standards for food safety.
- Provide outreach and education to farmers to help new and established farmers understand and follow appropriate food safety procedures.

HFB staff will perform the necessary administrative and support functions, assisted by contractors and volunteers from each of the 11 Farm Bureau County chapters located across the state. We expect that the requested funding will be ample for 10 research projects, HFB's administrative costs, and costs of reporting of results to farmers on all islands through publications and workshops, the University of Hawaii, Hawaii's Department of Agriculture and the Legislature.

2. Projected Timeline.

The following anticipated timeline assumes that the funding will become available on July 1, 2014:

July 2014	Receive funds; prepare and distribute requests for proposals to research institutions in Hawaii.
August - October 2014	Receive and review project proposals.
November 2014 - October 2015	Approved research projects are carried out. Monthly progress reports from research groups are received.
November 2015	Final reports are received.
December 2015 and ongoing	Research groups prepare final reports and publications; HFB transmits results to extension workers and farmers through publications and workshops.

3. Quality Assurance and Evaluation Plans. Project proposals will be reviewed both by scientists and by individual farmers and commodity groups to ensure that approved projects are scientifically valid and likely to produce results of practical value to Hawaii's agricultural producers. Researchers whose proposals are approved will be required to submit monthly reports detailing the progress of their projects. Projects will be evaluated on a continuous basis, suggestions will be made for improvement, and any projects that appear unlikely to produce practical results may be terminated.

When practical results are obtained, HFB and its County chapters will sponsor workshops to present these results to segments of Hawaii's agricultural community. Attendees will be asked to evaluate the workshops for content and presentation, and to suggest ways to improve future workshops.

HFBF will generate quarterly reports for the Food Safety Committee to ensure accurate and timely completion the projects.

4. Measures of Effectiveness.

Recommendations will be developed and ideally implemented for alternate compliance with FSMA regulations. The goal and measure of success for this project is saving farms from failure and hardship due to overburdening FSMA regulations that are not applicable to Hawaii's unique situations.

HFB will keep records of all project participants and beneficiaries, contacts at all meetings, farm visits and workshops and include them in the final report. It will report with some precision the number of farms that are benefited by this project.

Moreover survey and evaluation forms will be distributed at workshops to gauge the effectiveness of the program and the practical applications of the research.

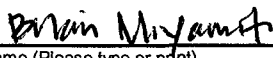

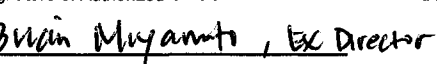
III. Financial

1. Budget.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2014 to June 30, 2015)

App

Hawaii Farm Bureau Hawaii Farm Bureau

BUDGET CATEGORIES	Total State Funds Requested			
	(a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	23,250	23,250	23,250	23,250
2. Payroll Taxes & Assessments				
3. Fringe Benefits	6,975	6,975	6,975	6,975
TOTAL PERSONNEL COST	30,225	30,225	30,225	30,225
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island	21,000	21,000	21,000	21,000
2. Insurance	3,000	3,000	3,000	3,000
3. Lease/Rental of Equipment	12,500	12,500	12,500	12,500
4. Grant awards to research teams	219,625	219,625	219,625	219,625
5. Staff Training	12,000			
6. Supplies	60,500	60,500	60,500	60,500
7. Telecommunication	900	900	900	900
8. Utilities	1,000	1,000	1,000	1,000
9. Shipping	7,500	7,500	7,500	7,500
10. Laboratory costs	75,000	75,000	75,000	75,000
11. Publication costs	5,000	2,000	9,000	9,000
12. Workshops	10,000		10,000	10,000
13. Legal	8,000			
14. Administrative costs	50,000	50,000	50,000	50,000
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	486,025	453,025	470,025	470,025
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	516,250	483,250	500,250	500,250
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	2,000,000	 Name (Please type or print) Phone		
(b)		 1/31/14 Signature of Authorized Official Date		
(c)		 Name and Title (Please type or print)		
(d)				
TOTAL BUDGET	2,000,000			

2. Anticipated Quarterly Funding Requests (Fiscal Year 2015).

\$2,000,000

3. Other Sources of Funding.

None

4. State and Federal Tax Credits.

None

5. Unrestricted Current Assets.

\$450,000 cash on hand

\$1,800,000 real estate

\$ 2,250,000 Total

IV. Experience and Capability.

A. Necessary Skills and Experience. HFB's membership includes nearly 1900 member families in 11 geographical County chapters on all main Hawaiian islands. These are referred to as Farm Bureau Counties. They include:

- East Oahu County Farm Bureau
- Hamakua County Farm Bureau
- Hilo County Farm Bureau
- Ka'u County Farm Bureau
- Kauai County Farm Bureau
- Kohala County Farm Bureau
- Kona County Farm Bureau
- Maui County Farm Bureau
- Molokai County Farm Bureau
- South Oahu County Farm Bureau
- West Oahu County Farm Bureau

HFB serves Hawaii's agricultural community, including not only farmers and ranchers but also academic and industrial researchers. HFB also has extensive contacts among the industries, academic institutions, government agencies and commodity groups that serve and/or regulate agriculture in Hawaii. Due to its organizational structure HFB is uniquely equipped to evaluate the scientific and practical validity of the agricultural research developed by this proposed project.

Due to the economic downturn and consequent budget restrictions, HFB has not received State research funding for the last several years, but has managed a number of similar successful projects.

HFB has extensive grant administration experience. The 2003, 2004, 2005, 2006, and 2007 Legislature appropriated grants to the Hawaii Farm Bureau for the promotion of Hawaii's agricultural industry through agricultural research and market development projects. In addition, HFB has received grants from the USDA, State of Hawaii, County of Maui, County of Kauai and the City and County of Honolulu.

B. Facilities. The research requested in this proposal will be carried out by various researchers using facilities available at their farms and respective research facilities located throughout the State. Facilities will be evaluated as part of the proposal evaluation process, at which time the suitability of the proposed facilities will be evaluated.

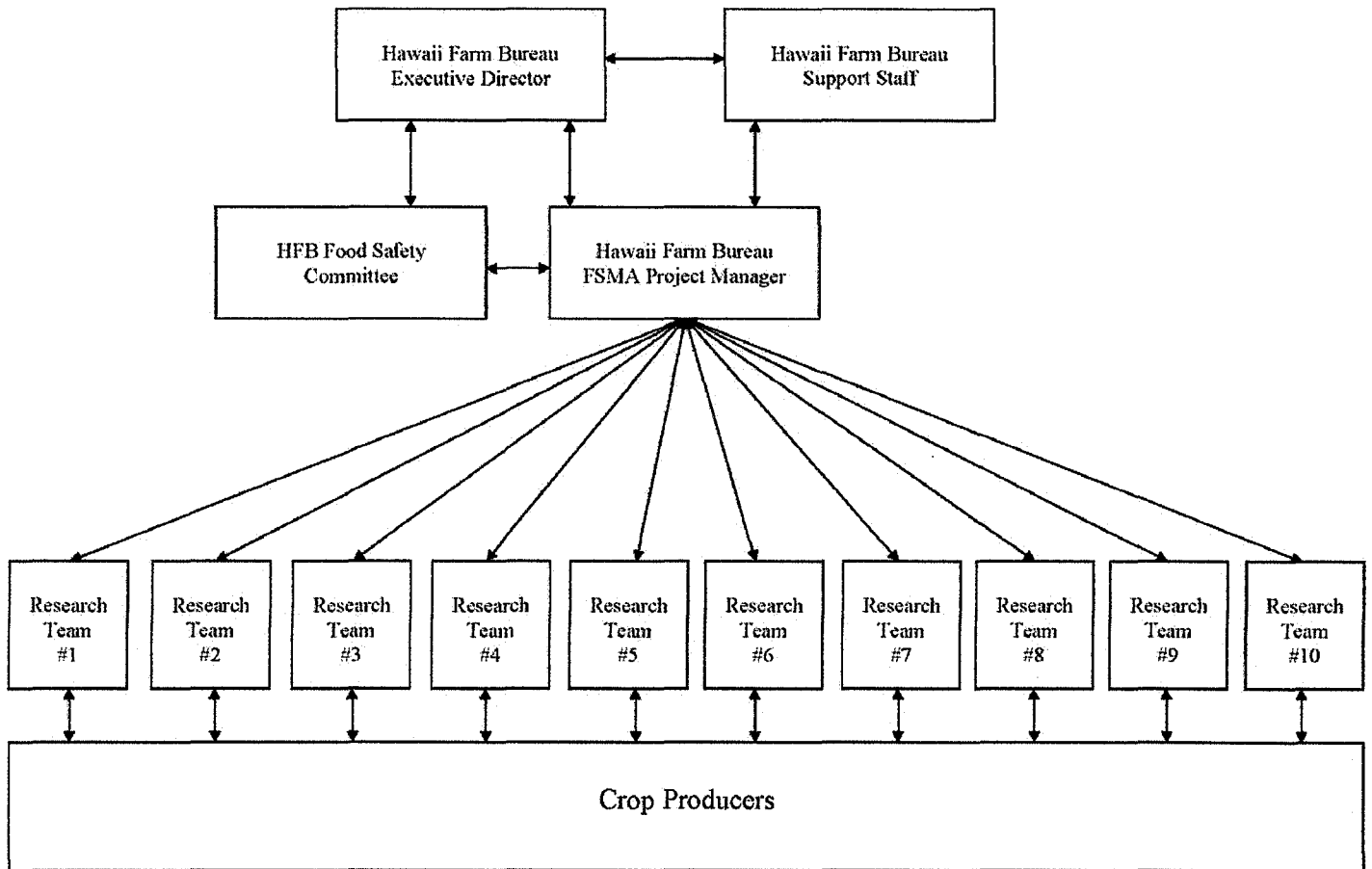
V. Personnel: Project Organization and Staffing.

A. Proposed Staffing, Staff Qualifications, Supervision and Training.

Staffing will consist of an Executive Director, an Administrative Assistant and a Project Coordinator. An established Food Safety committee will develop RFP asking for research to be performed consistent with the goals of the project. A committee will evaluate and score the proposals for funding. Contracts will then be issued. The Project coordinator will issue the RFP oversee the project and compile the results and reporting, and organize the workshops and other communications, with assistance from the administrative assistant. The Executive Director will oversee the entire project with specific milestones to ensure the timely completion of the project The Executive Director and the Administrative assistant are already hired and are capable. The Project Coordinator must have a college degree and be familiar with general research, organization and communications. This person must demonstrate proficiency in each of these areas to the satisfaction of the committee.

B. Organization Chart.

FMSA ALTERNATE COMPLIANCE PROJECT
STRUCTURE CHART



C. Compensation.

BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: _____

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Executive Director		\$100,000.00	10.00%	\$ 10,000.00
Administrative assistant		\$40,000.00	20.00%	\$ 8,000.00
HFB Project Manager		\$75,000.00	100.00%	\$ 75,000.00
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				93,000.00
JUSTIFICATION/COMMENTS:				

VI. Other

A. Litigation.

None

B. Licensure or Accreditation.

None apply

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.

- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Hawaii Farm Bureau Federation

tion)

1/31/14

(Date)

Brian Miyamoto

Executive Director

(Typed Name)

(Title)