

**REPORT OF THE
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

Progress Report on Agency Performance Goals and Objectives

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 29

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EXECUTIVE SUMMARY

Item 97 C2 of the 2005 Appropriation Act requires that the Virginia Department of Agriculture and Consumer Services (VDACS) submit a progress report to the Governor and the General Assembly by the first day of the 2006 Session of the General Assembly on its effort to achieve its performance goals and objectives. VDACS and the Secretary of Agriculture and Forestry developed the following performance goals and strategies to measure the impact of the department's activities in these areas: (1) marketing and product promotion; (2) food safety and inspection services; (3) animal industry veterinary services and diagnostic laboratory services; and (4) plant pest and disease control services.

The Department utilizes a strategic plan to establish and implement agency goals and objectives and to support agency priorities in delivering services to its clients. Working with the Secretary of Agriculture and Forestry, the Secretary of Commerce and Trade and the guidelines prepared by the Department of Planning and Budget, the Department developed a strategic plan for the 2004-06 biennium and reported the department's performance goals in House Document 55 (2004) *Report of the Virginia Department of Agriculture and Consumer Services Performance Goals and Strategies*. In the plan the department's performance goals are as follows:

Mission:

We promote the economic growth and development of Virginia agriculture, encourage environmental stewardship and provide consumer protection.

Goals:

1. Enhance opportunities for the growth and profitability of the Virginia agriculture industry.
2. Ensure a safe and wholesome food supply.
3. Provide agricultural and consumer protection services which support economic growth encourage environmental stewardship and meet consumer needs.
4. Increase Agency services and productivity through new technology, e-government applications, work processes and procedures, and training.
5. Provide services which prevent or minimize the impact of emergency agricultural infestations, animal disease outbreaks, foodborne illness outbreaks, and natural and manmade disasters.

The progress report represents VDACS' performance on the objectives and strategies which were developed to guide service delivery and establish the priorities of the

various program areas in the agency. The report covers the fiscal year ending June 30, 2005.

AUTHORITY

Item 97 C2 of the 2005 Appropriation Act requires that the Virginia Department of Agriculture and Consumer Services (VDACS) submit a progress report to the Governor and the General Assembly by the first day of the 2006 Session of the General Assembly on its effort to achieve its performance goals and objectives. VDACS and the Secretary of Agriculture and Forestry developed the following performance goals and strategies to measure the impact of the department's activities in these areas: (1) marketing and product promotion; (2) food safety and inspection services; (3) animal industry veterinary services and diagnostic laboratory services; and (4) plant pest and disease control services.

PERFORMANCE GOALS AND OBJECTIVES

The Department utilizes a strategic plan to establish and implement agency goals and objectives and to support agency priorities in delivering services to its clients. Working with the Secretary of Agriculture and Forestry, the Secretary of Commerce and Trade and the guidelines prepared by the Department of Planning and Budget, the Department developed a strategic plan for the 2004-06 biennium and reported the department's performance goals in House Document 55 (2004) *Report of the Virginia Department of Agriculture and Consumer Services Performance Goals and Strategies*. In the plan the department's performance goals are as follows:

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4. Increase Agency services and productivity through new technology, e-government applications, work processes and procedures, and training.
5. Provide services which prevent or minimize the impact of emergency agricultural infestations, animal disease outbreaks, foodborne illness outbreaks, and natural and manmade disasters.

The following progress report represents VDACS' performance on the objectives and strategies which were developed to guide service delivery and establish the priorities of the various program areas in the agency. The report covers the fiscal year ending June 30, 2005. For more information on the agency's activities, a copy of the *Agency Report of Accomplishments: July 1, 2004 – June 30, 2005*, is attached as Appendix B.

(1) Agribusiness Development

To increase the level of capital investment in agribusiness by \$10 million each year for the period 2005-2008, through the efforts of VDACS' Agribusiness Development Services (ADS).

Strategies

Market and promote Virginia as an exceptional site for development of agricultural business so as to support 20 companies in their decisions to locate, expand or remain in the state each biennium.

Performance

ADS business development/recruitment efforts during FY 2005 contributed to the creation or retention of 519 jobs (includes 450 jobs retained) and investment of \$20.925 million in Virginia's agricultural sector.

Target for special development efforts three (3) specific sectors of Virginia agriculture, which show the best prospects for investment and employment growth over the next biennium.

Performance

As part of its agribusiness recruitment activities, ADS staff participated in six trade shows and conferences as follows: International Poultry Trade Show, Southeast Greenhouse Conference and Trade Show, Southern Nursery Association Conference and Trade Show, BIO 2005, National Association of State Aquaculture Coordinators (NASAC '05) and the Virginia Food and Beverage Association Annual Conference.

Target the tobacco producing areas as a priority for agribusiness development initiatives through the referral of three (3) leads over the next biennium.

Performance

ADS staff works with the Agribusiness Committee of the Tobacco Commission on identifying and supporting appropriate projects targeting tobacco farmers.

Target two (2) specific commodity based sectors, which are competitively challenged, as a priority for value-added or high-value added initiatives over the next biennium.

Performance

ADS staff has several active projects targeting the specialty livestock industry, inspected slaughter/processing capability and marketing and specialty, high value grain production.

(2) Marketing and Product Promotion

To increase by two percent, based on a five-year average value, the value of Virginia food, agricultural and forestry products marketed with assistance and collaboration from VDACS (Division of Marketing) by June 30, 2005.

Food and Agriculture Products

- Five-Year Average: \$1,706,481,318
- FY '04-'05 Figure: \$7,783,504,822
- Change: Increase 4.5%

Forestry Products

- Five-Year Average: \$196,955,195
- FY '04-'05 Figure: \$216,488,553
- Change: Increase 10%

Strategies

Create a management structure and programs to better serve the divergent demographics between large and small producers in Virginia agriculture to include marketing tools, decision making tools and risk management strategies.

Performance

In fiscal year 2005, the Division of Marketing was reorganized into an organizational structure that will better represent and serve the changing face of Virginia agriculture. The addition of a Direct Marketing office allows the Division of Marketing to provide customized marketing service for a wider variety of producers.

Increase marketing activity and exposure in the aggressive growth markets of China and Southeast Asia for Virginia exports.

Performance

The Office of International Marketing (OIM) targeted their efforts towards trade shows in China and Singapore. With regard to wood products, the Hardwood States Export Group coordinated activities among producers and states at the Interzum – Guangzhou tradeshow in China and at the WoodMac show in Shanghai. With regard to food products, OIM staff attended an Asian food show in Singapore and developed several new contacts for Virginia companies. During this mission new seafood products and some processed food companies were introduced to new Hong Kong-based importers.

Create and implement a comprehensive marketing program in Canada to include Virginia seafood, wood, produce and nursery stock.

Performance

VDACS has successfully expanded Virginia's marketing presence in this critical market. Participation in Canadian food industry trade shows has expanded sales for Virginia seafood, with three new wholesale customers established. In addition, VDACS has teamed with Southern United States Trade Association (SUSTA) to further our marketing efforts in Canada. Six trips were successfully completed, focusing on buyers of produce, seafood, wine, and peanuts.

Due to a far broader trade dispute between the U.S. and Canada concerning soft wood trade, wood products sales in general have declined slightly. Virginia hardwood exports continue, the strategy being to maintain a low profile in the heated trade policy climate so as not to affect current sales.

Nursery product marketing programs in Canada continue to stall due to the overheated domestic market fueled by the current building boom, particularly in the Washington, D.C., metro area. Virginia producers currently prefer to focus on this market.

Engage Canadian and U.S. authorities on trade policy issues affecting Virginia exports.

Performance

VDACS is continuing to monitor trade disputes in the wood products industry. Close monitoring of this situation should ensure that hardwood exports to Canada are not disrupted by the continuing disputes over softwood trade. The vast majority of Virginia's wood products exports to Canada are hardwood sales.

As a result of efforts put forth by producers and VDACS staff, the Office of the U.S. Trade Representative (USTR) reviewed Canadian ministerial exemptions for potatoes, concluded they violated international trade law and requested formal consultations with Canada. As a result, USTR has met with negotiators from Trade Canada on several occasions in an attempt to resolve the issue. USTR is optimistic that a settlement will be reached that will make it easier for Virginia potato growers to export potatoes to Canada. Currently, Canada uses the ministerial exemptions to prevent the export of Virginia potatoes into Canada.

Increase market share in Europe for Virginia wood products.

Performance

Overall exports to Europe in the first half of 2005 are slightly above those of the same period one year ago. VDACS hosted visitors from several European countries including a very productive tour of Virginia producer facilities by a team of lumber and log buyers from Italy that resulted in sales.

Other marketing activities for forest products in Western Europe included:

- Organizing the Virginia Forest Products Booth and USA Pavilion at the Interzum 2005 trade show in Cologne, Germany
- Assisting two Virginia companies with their own booths at Interzum
- Visiting with exhibitors and fellow attendees at the Ligna Trade Show in Hannover, Germany

Improve and expand marketing presence and sales in Latin America, in particular, in Mexico.

Performance

The Office of International Marketing has expanded our presence in Mexico by hiring OMG International, a consulting firm, to assist with the promotion and representation of Virginia agricultural exports in Mexico. OMG has assisted with buyer introductions for products such as food grade soybeans, peanuts, Christmas trees and poultry products.

VDACS serves as Activity Manager for the SUSTA's project to promote the sale of white oak to be used for wine barrels, staves and chips to Latin America, principally to Chile, Argentina and Uruguay.

VDACS staff continues to support Virginia apple growers to expand sales and access to the Mexican market and have implemented several activities that have also expanded sales in the Caribbean. In addition, Cuba continues to be a steady market that requires an ongoing presence by VDACS Marketing staff to ensure sales.

Continue and expand promotions under the “Virginia Grown” and “Virginia’s Finest” trademarks, and “Savor Virginia” theme to include local tie-ins, and expanded consumer-oriented promotions.

Performance

Through a variety of media including TV, billboard advertising, internet, radio, magazines and newspapers, the program was able to reach more than 33.5 million Virginia consumers during the Virginia Grown promotional period. Similarly, VDACS was able to reach more than a half million consumers through a combination of Virginia’s Finest e-mail promotions, magazine advertising, and program sponsorship on several PBS-TV stations during the November/December holiday season.

A color ad promoting Virginia’s Finest products and www.shopvafinest.com ran in the Virginia Tourism Corporation’s 2005 Travel Guide. Within five months, 1500 sales leads were generated. A similar ad reached approximately 2.7 million readers as a result of being placed in Sunday’s “Travel Virginia” supplement of the New York Daily News.

Create a Virginia Retail Farmers’ Market organization.

Performance

Domestic Sales and Market Development staff developed a survey for all retail farmers’ markets to determine market operating mode, funding sources, and the number and types of vendors. Staff has also developed a workshop for market managers that will take place during the 2006 Virginia Grown Conference.

Maintain customer contacts with cattle feedlot operators and buyers in Midwestern and northern states and Canada to assure their continued level of participation in Virginia livestock auctions.

Performance

VDACS staff coordinated and manned a trade show booth at the National Cattlemen Beef Association's annual convention and trade show in San Antonio, Texas promoting Virginia feeder cattle to over 5000 participants.

VDACS staff participated in buyer development activities for Ohio, Indiana, Kentucky, Illinois, North Carolina and Pennsylvania to promote Virginia feeder cattle to potential buyers and to follow up with previous buyers of Virginia feeder cattle marketed not only through the regular graded sales but also the Virginia Quality Assured feeder cattle program.

Exploit Virginia's proximity advantage with Washington, D.C., to include a legislator reception and foreign embassy outreach program.

Performance

VDACS organized and implemented two events, one in Richmond and one at the Port of Norfolk to host commercial and agricultural counselors and diplomats from twelve Middle East and Mediterranean countries. Diplomats were exposed to Virginia supply and transport capabilities for various agricultural and forest products. Immediate results include dairy genetics sales contacts in Egypt, sales leads for tobacco in Tunisia, Morocco and Yemen, and processed food export leads in Bahrain.

VDACS continued its outreach program with intermittent visits with diplomats representing Mexico, Russia, the Dominican Republic, Cuba, Canada, China, Taiwan, Korea and Japan. Relationship building with Washington, D.C. based diplomats pays off in near and long terms, as many diplomats assigned to the United States normally return to highly influential posts in their home countries.

Expand and enhance the growth and development of Virginia's agri-tourism/ agri-tainment enterprises and initiatives.

Performance

VDACS staff assisted Economic Development Directors and County Administrators in establishing farmers' markets in their locality by providing marketing information, resources, and assistance to vendors.

VDACS staff planned and implemented the 2005 Mid-Atlantic Direct Marketing Conference and Trade Show that included a farm tour, workshop, educational sessions and a trade show for the more than 300 in attendance.

VDACS staff updated and published the "Virginia Grown Guide to Pick Your Own and Select Your Own Farm Products" that lists more than 109 farms and retail markets across the state. In addition, staff assisted several farmers with implementing agri-tainment initiatives including mazes, walking trails, picnic areas, and a tractor museum.

Implement a Virginia/Carolinas joint peanut promotion marketing program.

Performance

Discussions and meetings have taken place and will continue with the Virginia/Carolina and North Carolina Peanut Growers Association to enhance marketing efforts. VDACS staff serves on a committee formed within the

Association to develop a plan, design a logo, and explore initiatives to capture market share.

VDACS was awarded a Federal State Marketing Improvement Program (FSMIP) grant in the amount of \$40,000 to conduct a feasibility study on optimal marketing strategies for the peanut growers. Contract work will begin on this grant in the latter part of the 2005 calendar year.

Conduct trade calls and production area tours with prospective buyers, wholesalers, brokers and grocery chains, as well as respond to requests for marketing assistance from Virginia producers of food, agricultural and forestry products.

Performance

VDACS staff was able to increase both sales opportunities for growers and buyer awareness of Virginia agricultural products by initiating 30 production area tours. Buyers from major companies such as Wal-Mart, Food Lion, SuperValu, Wegmans, and Giant Eagle participated.

VDACS assisted Appalachian Sustainable Development from Southwest Virginia in organizing and obtaining three buyers for grower meetings to discuss growing organic produce as well as sales opportunities with Ukrop's, Kroger, and Food City. Staff also initiated a meeting with Kroger's Produce Merchandiser and representatives of several farmers' markets to discuss production and marketing initiatives

Increase awareness of the quality and diversity of Virginia agricultural products through promotional activities, publicity, trade show participation and special events.

Performance

Virginia growers and staff participated and exhibited during the Produce Marketing Association (PMA) trade show, the Canadian Produce Marketing Trade Show, the Southeast Produce Council's Retail and Foodservice Conference, and the Northeast Produce and Floral Expo.

VDACS staff implemented the Senior Farmer's Market Nutrition Program in four rural and one metro area of Virginia as well as the WIC (Woman, Infants, and Children) in seven Department of Health districts in Virginia, increasing visibility of the Virginia Grown trademark.

In an effort to increase awareness of the quality of Virginia's agricultural products, staff initiated a "direct from the farm to the restaurant" pilot co-op advertising program involving Tidewater area restaurants and local produce growers.

Develop and expand livestock marketing opportunities such as Internet and tel-o-auctions.

Performance

VDACS staff conducted activities aimed at enhancing the marketing of livestock for Virginia producers. These activities include developing and printing promotional material for the on farm Tel-O-Auction sales, contacting prospective buyers with sale information (20 - 40 buyers per sale), working with local and the state cattlemen's association in conducting both buyer and producer tours, coordinating, developing, and manning a booth at the Virginia Cattlemen's Association annual convention promoting marketing programs.

As a result of promotion and sales development activities, feeder cattle marketing through in-barn special sales which utilize the Tel-O-Auction system increased 36.9% from a year earlier due to the addition of a newly developed sales group in Central Virginia. On-farm sales which utilize the Tel-O-Auction system exclusively increased sales numbers more than 8% from a year earlier.

Provide oversight on the policy and operation of shipping point markets in the Virginia Farmers' Market System.

Performance

VDACS Marketing staff completed the Annual Virginia Farmers' Market System Report and Plan for four committees of the House and Senate under legislation approved by the 2000 General Assembly. Staff provided oversight on the policy and operation of each of the four state-owned markets through close working relationships with each of the market operators' organizations. Routinely, division staff attended market operators' board of directors meetings.

For the 2004 harvest year: 284 producers marketed product and/or used market services at the four markets (combined), compared to 280 producers in 2003. Gross value of products marketed was over \$23.05 million representing over 2.08 million product units, compared to \$14.298 million in 2003. The markets served 5,854 acres in 2004, compared to 7,087 acres in 2003. The system served 55 brokers and 463 major retail stores and institutional buyers, compared to 68 brokers and 444 retail stores and institutional buyers in 2003.

Monitor federal and private sources of business risk management programs and expertise that are available to Virginia agricultural producers and ensure that VDACS staff is conversant in these programs.

Performance

VDACS worked with USDA and Pennsylvania to develop AGR-Lite Crop Insurance for Virginia producers. This new crop insurance product has been approved for Virginia and will be offered in Virginia in 2006. Virginia will benefit by having a whole-farm revenue insurance program, such as AGR-Lite, available throughout the state. This program will enable more farmers to utilize crop insurance to reduce their risk, should they so choose.

Continue and strengthen cooperation with Virginia Tech, Virginia State University, Virginia Farm Bureau Federation and the Farm Service Agency/Virginia to expand the array and outreach of risk management education programs.

Performance

VDACS has partnered with Virginia Polytechnic Institute and State University, Virginia State University, Virginia Farm Bureau, USDA Farm Service Agency and USDA Risk Management Agency in providing crop insurance and other risk management educational and informational programs. VDACS was awarded a grant for \$150,000 from USDA Risk Management Agency for Risk Management Education (RME). With this funding, VDACS conducted the following educational meetings:

Cattle Marketing Intelligence \$ = \$ Managed Risk

Cotton Marketing Workshops

Marketing Virginia Meat Products

Virginia Ag Summit

Organic Certification Workshop

Virginia Farm Bureau conducted 41 meetings for 1,796 producers.

Virginia Tech (VPI&SU/VT) has conducted 14 meetings for 530 producers.

(3) Food Safety and Inspection Services

To enhance food safety and security programs for citizens of the Commonwealth by increasing by three percent (from 38,351 to 39,502) the number of food safety and security inspectional activities of regulated food establishments by June 30, 2005 to ensure a safe and wholesome food supply for Virginia.

Food Safety Inspections

- FY 04-05 39,565
- FY 03-04 38,351
- Change: 3.16% increase

Strategies

Monitor productivity of food, dairy and meat/poultry field personnel to insure that inspection and sampling requirements are met through June 30, 2005.

Performance

The monitoring of inspectional activities takes place on a continuing basis. Computerized data reflecting individual productivity is generated throughout the year and is discussed with field personnel on a regular basis.

Maintain numbers of filled field staff positions at maximum levels based on financial support and authorized MEL through June 30, 2006.

Performance

All funded dairy inspector positions are filled. Of the 30 Food Safety Specialist positions, 26 are currently filled, with the remaining four in the recruitment process.

Expedite the investigation of consumer complaints alleging tampering or foodborne illness to ascertain if intentional contamination or acts of terrorism may have occurred through June 30, 2006.

Performance

Complaints alleging tampering and/or foodborne illness are immediately investigated. A communication protocol has been established between the supervisors and Food Safety Specialists to assure rapid investigational turnaround times.

Implement activities designed to locate and remove from sale unsafe dietary supplements which pose a risk to the consumer through June 30, 2006.

Performance

Information obtained from various sources regarding unsafe dietary supplements are assessed by food safety managers. This information is forwarded to all Food Safety Specialists who attempt to locate and address these supplements during daily inspectional and investigational activities.

Participate with the State Food Safety Task Force to develop vulnerability assessment tools to assist in determining vulnerability of foods within the farm-to-table continuum and to reduce the level of vulnerability to acts of terrorism against the food supply through June 30, 2006.

Performance

Representatives from the Office of Dairy and Foods are serving on the State Food Safety Task Force's Food Security Subcommittee, and working with other subcommittee members to develop model vulnerability assessment tools to be utilized by government and industry.

Facilitate the implementation of two new dairy regulations by providing training and education to dairy inspectors and the dairy industry relative to the requirements of the regulations through September 30, 2005.

Performance

The two dairy regulations took effect on January 26, 2005. Training on the requirements was provided to dairy inspectors and industry representatives in March 2005.

(4) Animal Industry Veterinary Services

To protect and promote Virginia's animal and poultry industries by conducting livestock market and sales inspections, reviewing and issuing animal health certificates, conducting investigations and tracebacks, issuing quarantines and eradication notices, maintaining Virginia's Tuberculosis, Brucellosis and Pseudorabies free status, enforcing livestock and poultry regulations and entry requirements on a continuous basis, and implementing five new disease and response capabilities through June 30, 2006.

Strategies

Implement an animal premises identification system in Virginia by June 30, 2004.

Performance

The Premises Identification System was implemented in December 2004. As of June 30, 2005, 822 premises had registered. Registrations may be completed on-line or through the submission of paper applications.

Publish a Foreign Animal Disease Plan by June 30, 2005.

Performance

The Highly Contagious Livestock and Poultry Disease Emergency Operations Plan has been forwarded to the Virginia Department of Emergency Management (VDEM). The Plan continues to be enhanced.

Develop agreements and notification system for Virginia-Maryland Regional College of Veterinary Medicine (VMRCVM) staff and veterinary practitioners willing to participate in an emergency response by June 30, 2005.

Performance

Comments are being solicited from VMRCVM and other affected entities on their responsibilities listed in the Plan. Upon review of those comments, agreements will be initiated with VMRCVM staff and veterinary practitioners willing to participate in an emergency response.

Conduct joint VDACS, VMRCMV staff and veterinary practitioner training and an exercise by December 31, 2005.

Performance

Response training was provided to VDACS staff . More comprehensive training for VMRCMV staff, private veterinary practitioners, and other agencies involved in the response plan is scheduled for Fall 2006.

The Office of Veterinary Services will seek enrollment of staff veterinarians in USDA training and certifications for Foreign Animal Disease Diagnostics, Brucellosis Epidemiology, Tuberculosis Epidemiology, Johne's Disease Coordinator training, Animal Identification Coordinators Workshop, Pseudorabies Epidemiology, and Generic Data Base entry and report writing through June 30, 2006.

Performance

Appropriate staff veterinarians have received training in the following: Basic Brucellosis Epidemiology, Tuberculosis Comparative Cervical Testing, Generic Database Training, Foreign Animal Disease Diagnostics, Tuberculosis Epidemiology, Johnes Disease Coordinator, and Animal Identification Coordinators Workshop. Additional training opportunities will be coordinated through USDA as they become available.

All Office of Veterinary Services staff veterinarians will complete in residence training on the USDA Incident Command System Levels 100 and 200 by December 31, 2004.

Performance

USDA provided training to appropriate Office of Veterinary Services veterinary staff on Incident Command System 100 and 200 in May 2005.

Livestock inspectors for the Office of Veterinary Services will be briefed by staff veterinarians in the regions on the Incident Command System by January 31, 2005.

Performance

Livestock inspectors received training on the Incident Command System in May 2005.

The Office of Veterinary Services will expand training and information exchange for regional veterinary supervisors and selected staff by conducting regional meetings in April 2005 and October 2005.

Performance

A regional meeting was held in Richmond on May 4-5, 2005. Another meeting has been scheduled for November 17-18, 2005 in Harrisonburg.

Livestock inspectors for the Office of Veterinary Services will be equipped with notebook computers and trained in their use to research Virginia regulations and requirements for interstate transportation, complete and file official documents, and record information for premises registration at livestock markets by February 28, 2005.

Performance

All livestock inspectors and regional veterinarians were issued laptop computers and received training on their use. Most reports are now filed electronically. The Premise Registration is available through access of the agency's website and through submission of paper copy of the registration form.

The Office of Veterinary Services will work with USDA and Virginia Cooperative Extension to educate beef and dairy producers on the benefits and needs for participation in the Virginia Johnes Control Program through June 30, 2006.

Performance

In January 2005, three livestock producer meetings were held in conjunction with Virginia Cooperative Extension in Rustburg, Abingdon, and Harrisonburg. The meetings addressed livestock management including the Virginia Johnes Control Program.

(5) Animal Industry Diagnostic Laboratory Services

To protect and promote Virginia's livestock and poultry industries and protect domestic animals by conducting 598,464 diagnostic laboratory tests each year to aid in the prevention and control of animal diseases through June 30, 2006.

Performance

Laboratory testing

- FY 04-05 431,346 tests conducted
- FY 03-04 569,966 tests conducted
- Change: 24.32% decrease

Note: The Office of Laboratory Services performed 135,901 fewer serology tests in FY 04-05 than in FY 03-04. The closure of the Pilgrim's Pride Turkey Division in Virginia, and the resultant decreases in submissions of samples for Avian Influenza, Pullorum Disease, and Coronavirus testing caused a reduction of more than 105,000 laboratory submissions. The Office of Laboratory Services could neither anticipate nor compensate for the loss of a client that had historically submitted such a large volume of regulatory/surveillance samples for testing.

Strategies

Oversee construction, outfitting and certification of the Agency's first bio-security level 3 suite in the new Harrisonburg Regional Animal Health Laboratory by December 31, 2005.

Performance

Construction bids are due by December 16, 2005. Process had been delayed due to project reviews.

Aid in the prevention and control of livestock and poultry diseases for Virginia's animal industries by enhancing testing services and attaining AAVLD Laboratory Accreditation through June 30, 2006.

Staff is working on implementing the recommendations given by the Accreditation Committee after their visit in August 2004. The hiring process for a Board-certified Veterinary Pathologist has begun. The Quality Assurance Program is being enhanced.

Operate five Regional Animal Health Laboratories.

The five Regional Animal Health Laboratories provide a full array of diagnostic and food safety testing and analysis.

Establish a full-time Quality Manager position for the Office of Laboratory Services with responsibility for writing and implementing a system-wide Quality Control Program, in accordance with the AAVLD's Essential Requirements for an Accredited Laboratory Guidelines by March 31, 2005.

The Quality Manager position was established in May 2005 and has taken necessary steps to implement a system-wide Quality Control Program in accordance with AAVLD's requirements.

Implement a state-wide Quality Control Program for the regional animal health laboratory system in accordance with the AAVLD's Essential Requirements for an Accredited Laboratory Guidelines by June 30, 2006.

The existing quality control program is being revised by the Quality Manager and individuals from each of the regional animal health laboratories, with an anticipated completion by June 30, 2006.

Coordinate with the Virginia Department of Health on animal diseases with human health implications.

Meetings are held on reporting of zoonotic diseases, cooperation with other agencies (Virginia Department of Health, Department of Game and Inland Fisheries, Division of Consolidated Laboratories Services, etc.), participation in Virginia Sentinel Laboratory committee, and weekly meetings with VDH Veterinary Epidemiologist.

(6) Plant Pest and Disease Control Services

To increase by 5% the number of inspections, certifications and compliance monitoring conducted to protect Virginia's agricultural and horticultural

resources from injurious plant pests and diseases and to support the sale and export of agricultural commodities through June 30, 2006.

Acres Inspected in Detection, Control & Eradication

- Five-year Average: 19,580
- FY '04 Figure: 25,483
- FY '05 Figure: 27,420
- Change: 8%

Phytosanitary Certificates Issued for Export

- Five-year Average: 2,684
- FY '04 Figure: 3,188
- FY '05 Figure: 4,189
- Change: 31%

Strategies

Provide detection /certification /control /eradication services designed to prevent the introduction and slow the spread of designated invasive pest species within the Commonwealth.

Developed a Virginia Plant Pest Emergency Action Plan to mitigate the impact of plant health emergencies due to the introduction of plant pests, diseases or other plant health issues that are caused by natural, accidental or intentional means that threaten the health and well being of Virginia's agricultural, horticultural, and forest communities.

Protected Virginia's cotton crop by monitoring fields for the cotton boll weevil using 10,675 traps on 81,071 acres of cotton in Virginia. No weevils were detected.

Surveyed 5,295 acres for the presence of the imported fire ant in an effort to locate infestations that have entered Virginia from infested states with 2,748 acres treated to eradicate the pest.

Safely completed gypsy moth suppression treatments in 9 localities totaling 113,550 acres as part of the 2004 Virginia Slow the Spread (STS) Project.

Employed and trained 19 private contractors who, along with currently employed VDACS personnel, placed and monitored 7,542 gypsy moth traps within Virginia's STS project action area, monitoring area, and non-infested areas across southern and southwest Virginia.

Cooperated with USDA/APHIS and the Fairfax County Urban Forest Program to conduct a follow up sentinel tree survey in the area of eradication of the Emerald Ash Borer, a project conducted in 2003 and 2004. Follow-up surveys are continuing to monitor the success of the eradication effort.

Cooperated with Virginia Tech and the Virginia Department of Forestry to conduct a survey of Virginia's horticulture and forestry industries for *Phytophthora ramorum*, Inspected and sampled plants received at 33 Virginia nurseries and garden centers for potential infection with *Phytophthora ramorum*, the causative agent of sudden oak death disease, and 41 Lowe's garden centers that traced back to sudden oak death infected nurseries. A total of 956 samples were screened at the VDACS Plant Pathology Lab.

Provided financial support to the Virginia Cooperative Coyote Control Program which provides technical information to livestock producers and removes offending coyotes to protect Virginia's livestock industry.

Developed a Virginia Soybean Rust Action Plan to prepare for an impending soybean rust invasion. Virginia's comprehensive plan addresses public education, first detector training, plant sampling, laboratory analysis and confirmation, notification and response.

Upgrade communications and computer infrastructure to enhance export inspections and issuance of phytosanitary certificates for Virginia agricultural commodities to meet pest free requirements of importing countries.

Supported the interstate and international movement of agricultural products through the purchase and distribution of cell phones for 100% of Office of Plant and Pest Services Staff (OPPS) and field personnel. Staff also purchased additional laptop computers to ensure that 100% of OPPS field personnel can efficiently and effectively access the USDA on-line phytosanitary database.

Inspect and register all Virginia nursery growers and provide insect and disease diagnosis, detection, and control recommendations to the nursery industry to facilitate the sale and shipment of healthy plants and plant products by Virginia growers.

Inspected and registered 367 nurseries comprising 11,639 acres and 1,676 establishments selling retail nursery stock which were certified and randomly inspected to ensure the public of relatively pest-free nursery stock.

Utilizing federal grant funding, OPPS enhanced diagnostic capabilities of Virginia's Plant Pathology Laboratory with the purchase of survey and diagnostic equipment and required supplies to conduct DNA testing. The VDACS Plant Pathologist received DNA diagnostic training for Sudden Oak Death disease and a wage technician was hired to assist with sample analysis. Because of these laboratory upgrades and diagnostic capabilities, USDA-APHIS is evaluating the VDACS laboratory as one of only fourteen to receive certification to conduct DNA analyses for *P. ramorum* (Sudden Oak Death).

Conduct surveys and assist with recovery and conservation projects for listed endangered or threatened plant and insect species in Virginia and provide inspections and certifications to allow for sale and export of Virginia grown ginseng.

Completed the final year of a five-year monitoring program of ginseng plots in Virginia in cooperation with the US Fish and Wildlife Service, the US Geological Survey, and West Virginia University. Plots were monitored twice during the growing season for changes in population, berry maturity, and plant growth.

Approved five research, conservation or survey projects totaling \$20,000 in state and federal funds following review of 11 project proposals for work on rare, threatened or endangered plant or insect species.

Received Recovery Land Acquisition Grant approval from the US Fish and Wildlife Service in the amount of \$183,974. The grant was obtained on behalf of the Department of Conservation and Recreation for the acquisition of Mitchell's satyr habitat in Floyd County.

Conducted evaluations of 199 projects for the recovery and conservation of listed endangered or threatened plant and insect species.

Inspected and certified 3,613 pounds of ginseng at an estimated value of \$903,300 harvested from 37 Virginia counties for export.

ITEM 1.	Item Details(\$)		Appropriations(\$)	
	First Year FY2005	Second Year FY2006	First Year FY2005	Second Year FY2006
Department of Agriculture and Consumer Services (301)				
97.	Administrative and Support Services (54900).....		\$8,040,059	\$8,040,335
	General Management and Direction (54901).....	\$8,040,059	\$8,040,335	\$8,249,685
	Fund Sources: General.....	\$7,047,054	\$7,047,330	
			\$7,256,680	
	Special.....	\$791,788	\$791,788	
	Trust and Agency.....	\$136,888	\$136,888	
	Federal Trust.....	\$64,329	\$64,329	

Authority: Title 3.1, Chapters 1, 3, 4.1, 4.3, and 5; Title 10.1, Chapter 5, Article 3.1, Code of Virginia.

A. All fees collected by the Commissioner shall be paid into the state treasury.

B. Out of the amounts in this item shall be transferred to the Agricultural Education Program in the College of Agriculture and Life Sciences at Virginia Polytechnic Institute and State University \$150,000 and three positions in the first year and \$150,000 and three positions in the second year from the general fund to support agricultural educational specialists to be located in the eastern and western portions of Virginia.

C.1. The department shall work with the Secretary of Agriculture and Forestry to develop performance goals and strategies to measure the impact of the department's activities in these areas: (1) marketing and product promotion; (2) food safety and inspection services; (3) animal industry veterinary services and diagnostic laboratory services; and (4) plant pest and disease control services. The department shall submit these goals and measures by December 1, 2004, to the Chairmen of the Senate Finance and House Appropriations Committees. In addition, it is the intent of the General Assembly that the department incorporate these performance goals and strategies in budget amendments for review and approval by the 2005 Session.

2. The department shall submit a progress report on its efforts to achieve the performance goals and objectives set out in its report to the Governor and the General Assembly (House Document No. 55, 2004). The department shall submit the report by the first day of the 2006 Session of the General Assembly.



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

Agency Report of Accomplishments

July 1, 2004 - June 30, 2005

Mission Statement

We promote the economic growth and development of Virginia agriculture, encourage environmental stewardship and provide consumer protection.

Critical Issues

- Critical Issue #1: Enhancing Economic Development
- Critical Issue #2: Responding to Growth in Customer Demand for Services
- Critical Issue #3: Increasing Agency Productivity and Enhancing Technology Capabilities
- Critical Issue #4: Preparing for and Responding to Potential Crises Affecting Food Safety, Plant Health, Animal Health and Agricultural Productivity
- Critical Issue #5: Enhancing Homeland Security for Virginia Agribusinesses

Goals

- Goal #1: Enhance opportunities for the growth and profitability of the Virginia agriculture industry.
- Goal #2: Ensure a safe and wholesome food supply.
- Goal #3: Provide agricultural and consumer protection services which support economic growth, encourage environmental stewardship and meet consumer needs.
- Goal #4: Increase Agency services and productivity through new technology, web-enabled applications, re-engineered work processes, and training.
- Goal #5: Provide services which prevent or minimize the impact of emergency agricultural infestations, animal disease outbreaks and natural and manmade disasters.

COMMISSIONER'S OFFICE

COMMISSIONER AND DEPUTY COMMISSIONER

Establishes the executive direction and philosophy for operation of the Department in order to support the programs, initiatives and direction of the Governors Office and Secretary of Agriculture and Forestry. Provides leadership in the planning, development and implementation of state agricultural and consumer policy initiatives and programs. Ensures that program services are focused on meeting customer needs and effectively carried out within the limit of budgeted resources. Support the agency-wide strategic planning process to ensure that all programs are working toward achievement of common goals and objectives through the Strategic Management Team. This office is comprised of the Commissioner, Deputy Commissioner, Offices of Policy, Planning and Research, Agricultural Development Services, Administrative and Financial Services, Human Resources, Internal Audit, and Communication and Promotions. A new appointed position, Deputy Commissioner for International Trade, was added in May 2002.

Provided executive leadership for the agency in implementing the Governors initiatives in economic development, enhancing customer service and technology, agricultural exports and marketing.

Provided executive leadership for agency marketing, animal health, food safety, and consumer protection programs.

Provided executive leadership and management of agency operations and programs to enhance effectiveness and efficiency in all agency programs and activities.

Served as spokesperson for Virginia agriculture at the local, state and national levels promoting Virginia agriculture achievements, expansion and development.

Represented Virginia agriculture and consumer interests to the Governor's Office, the Secretary of Agriculture and Forestry, the General Assembly and other state and federal officials.

Provided executive leadership for the agency strategic management team, strategic planning, customer/client focused services and quality services initiatives.

Provided executive leadership and decision-making to achieve effective and efficient utilization of agency financial and human resources.

Provided executive leadership in enhancing and developing cooperative and coordinated relationships with agricultural producers, agricultural and consumer organizations, the land grant universities, cooperative extension service, federal agencies, and citizens of the Commonwealth.

Provided executive leadership and management of agency legislative and regulatory activities to achieve the Governor's and agency's goals and objectives.

Provided executive leadership and coordination with the Board of Agriculture and Consumer Services, Pesticide Control Board, Virginia Wine Board, Aquaculture Advisory Board, Commodity Boards, and Virginia Motor Vehicle Dealers Board.

Provided executive leadership for the development and implementation of the Governor's initiative to create jobs and enhance economic development.

Provided executive leadership for the development and implementation of the Agricultural Stewardship Act insuring coordination with other state and local agencies and agricultural organizations and producers.

Provided executive leadership in representing Virginia agriculture on the national and regional level through the National Association of State Departments of Agriculture and the Southern Association of State Departments of Agriculture.

Provided executive leadership on nutrient management and environmental issues affecting Virginia agriculture and coordinated with other state agencies to achieve the Governor's policy goals in this area.

Provided assistance to the Governor and the Secretary of Agriculture and Forestry on policy issues supporting the Virginia tobacco industry, including the Virginia Tobacco Trust Certification Board, and the Tobacco Commission policies and payments.

Provided staff assistance and served as co-chairman of the Virginia Tobacco Trust Certification Board, Inc.

Provided staff assistance and served as a member of the Virginia Tobacco Indemnification and Community Revitalization Commission.

Provided executive leadership for the marketing and promotion of Virginia Agricultural products.

Provided executive leadership in promoting consumer programs such as food safety and Life Smarts.

Provided executive leadership for the coordination and development of VDACS' emergency response plans for foreign animal diseases and homeland security issues and initiatives.

Provided executive and operational leadership for the response and management of avian influenza issues in Virginia including developing an Avian Influenza Emergency Response Plan.

Provided staff assistance to the Governor and Secretary of Agriculture and Forestry on issues relating to agricultural disasters including analyzing issues and proposals, making recommendations, and preparing communications to assist farmers and consumers respond to and recover from disasters.

Provided executive leadership and oversight of the Agency's Strategic Planning Process and monitored agency results.

Developed, implemented and reported on results as required by the Agency Head Executive Agreement with the Governor.

Provided executive leadership for the transition of the agency information technology function to VITA.

Provided executive leadership and oversight for the relocation of VDACS to the Finance Building in 2005.

Provided staff support and assistance to the Secretary of Agriculture and Forestry in the establishment of work processes, protocols and practices between the new Secretary's office and VDACS.

Provided staff support for the Specialty Agriculture Initiative.

Served on and provided support to the Enterprise Business Applications Steering Committee for the Governor's Office in the evaluation of the Public-Private Education Facilities and Infrastructure Act (PPEA) proposals for this project.

Provided executive leadership for the agency Small, Women and Minority (SWAM) initiative.

Provided executive leadership in achieving satisfactory rating on the Governor's Management Scorecard.

Provided executive leadership and monitored implementation of the VDACS Continuity of Operations Plan (COOP).

In response to VDACS' expanding role in homeland security and emergencies, created a new position in the Commissioner's Office to manage emergency operations and homeland security activities across the agency.

Completed training and serves as VDACS staff resource for staffing the Virginia Emergency Operations Center.

Provided executive leadership for VDACS emergency operations and homeland security activities.

COMMISSIONER'S OFFICE

DEPUTY COMMISSIONER FOR INTERNATIONAL TRADE

The Office of International Trade focuses on researching and developing international trade opportunities for the Virginia agriculture industry with special emphasis on promoting Virginia agricultural exports. The work includes developing funding sources and partnering arrangements with the U.S. Department of Agriculture, the U.S. Department of Commerce and other U.S. agencies such as the Overseas Private Investment Corporation (OPIC), the Export-Import Bank, the Trade and Development Agency (USTDA), the Agency for International Development (USAID) and others.

The office seeks to collaborate its efforts with international organizations and multilateral development banks such as the World Bank, the African Development Bank, the Asian Development Bank and the Inter-American Development Bank in expanding and developing global trade and investment opportunities for Virginia agribusinesses. The office also collaborates and coordinates with VDACS' existing International Marketing programs to maximize the results of these programs for Virginia. Accomplishments in FY 2005 included the following:

Developed Virginia poultry and seafood export in the Western and Southern Africa regions. Virginia companies have been able to continue exporting frozen poultry and seafood to Cameroon, Ghana, and Nigeria. The market for these commodities has a great potential to grow if the transportation logistics and the storage facilities are improved. For Virginia seafood companies, these African markets have become alternative marketplaces to the traditional East Asian markets such as South Korea, whose high tariff stands at 70%, effectively restricting U.S. seafood export to the country since 2002.

Conducted a trade mission to explore the seafood and poultry market opportunities in Angola, South Africa, and Mozambique. The mission has revealed that there is a good potential for increasing both the import and export market of seafood in the Southern Africa region.

Took a U.S. Congressional Delegation to Ethiopia in June 2005. Assisted in arranging a meeting with the high officials of the country including the Prime Minister. The delegation discussed ways and means to improve global security in the region and strengthen the fragile democracy and market economy of the country. The delegation agreed to work on increasing U.S. AID and improving the U.S.-Ethiopia trade and investment relations.

In collaboration of the Office of International Marketing, organized a special trade seminar for about 20 trade with attaches of North African and Middle Eastern countries. The seminar was basically designed to familiarize them with the international marketing and International trade programs of VDACS. It was a successful event attended by the new Secretary of Agriculture and Forestry and the Commissioner of VDACS.

Along with the Virginia Marine Products Board, participated in the annual trade show of the Boston International Seafood Show 2005. Assisted over 15 African seafood buyers from Ghana and Nigeria in facilitating their visits. This was the largest African business delegation ever to attend the annual trade show. This a good indication of the growing demands for seafood in Africa.

Attended the annual conference of the U.S. EX-IM Bank. The Ex-Im Bank has now established an authorized regional bank in Nairobi, Kenya to extend Ex-Im Bank guaranteed loans to African businesses in East Africa as a way of stimulating U.S. exports to that region.

Was chosen by the Foreign Agricultural Service of the U.S. Department of Agriculture to receive a Team Award on May 25, 2005 in recognition of exceptional work on the development of markets for U.S. exports of seafood, particularly to Nigeria.

COMMISSIONER'S OFFICE

AGRIBUSINESS DEVELOPMENT SERVICES

The Agribusiness Development Services (ADS) unit was officially established on July 1, 1995 and charged with being the Commissioner's representative in promoting the economic development of the agriculture sector. Specifically, staff assigned to this unit are responsible for promoting and facilitating job creation and economic investment in agricultural production, food processing and other agriculture-related manufacturing enterprises by assisting Virginia firms with expansion or recruiting new firms to the State.

In carrying out this function, staff conducts an in-state industry visitation program; targets and recruits out-of state businesses; serves as an information resource for business/industry on site selection; provides ombudsman services with federal, state and local regulatory authorities; identifies public and private sector financial resources for business development.

In addition to achieving several successes in business development, ADS also had significant accomplishments in the agricultural vitality program and in several special projects in FY 2004 - 2005.

AGRIBUSINESS DEVELOPMENT

Business Development/Recruitment

The VDACS strategic plan calls for ADS to maintain at least 35 active prospects during the year; however, through exposure at trade shows and referrals from economic development partners, VDACS staff and other sources, ADS staff was generally working with more than 40 leads at any given time during FY 2004-2005.

ADS business development/recruitment efforts during FY 2004-2005 contributed to the creation or retention of 519 jobs (includes 450 jobs retained) and investment of \$20.925M in Virginia's agricultural sector. This compares with 139 jobs and investment level of \$9.3M during FY 2003-2004. Included in these job totals and investment numbers were jobs retained as a result of the formation of the Virginia Poultry Growers Coop to operate the Pilgrim's Pride Turkey Processing Plant in Rockingham County; expansions such as Chester Farms (Augusta County), Taylor Made For You (Chesterfield County) and Saunders Brothers Nursery (Nelson County); and the attraction of new businesses such as DelFosse Vineyards (Nelson County), Veritas Vineyard (Nelson County), Buckhorn Creek Nursery (Mecklenburg County), Washington County Meat Processors and Revivacor (Blacksburg).

As part of its agribusiness recruitment activities, staff participated in five trade shows as follows: International Poultry Trade Show; Virginia Association of Counties Trade Show; Southeast Greenhouse Conference and Trade Show; Southern Nursery Association Conference and Trade Show and BIO 2005.

ADS's work on business recruitment and expansion this reporting year, was, as has been the case in past years, severely constrained by the number of special assignments made to the Unit. (See Special Projects section below.) Unit activities were also constrained in FY 2005 by the reassignment of the Assistant Commissioner to the position of Deputy Secretary of Agriculture and Forestry.

Importance of Agriculture/Education

In an effort to educate leaders in local government, agricultural commodity groups, and agricultural financing institutions on the importance of agriculture to Virginia's total economy and to update them on the latest developments in the Virginia agriculture sector, ADS staff made numerous presentations throughout the year.

Among the groups to whom presentations were made in FY 2004-2005 were members of local governing boards, economic developers and city/county administrators in Charlotte and Franklin counties. Other presentations were made to the Virginia Association of Conservation District Employees, the Forum for Rural Innovation and the Virginia Small Business Advisory Board.

To maintain a current knowledge base on developments in agriculture and on specific segments of the industry, ADS staff attended a number of state and national meetings, including Biotech Industry Organization (BIO) Virginia BIO, the National Farm Transition Network, and the National Association of State Aquaculture Coordinators.

AGRICULTURAL VITALITY PROGRAM

Virginia FarmLink

Full implementation of budget reductions begun in FY 2002-2003 eliminated all the remaining funds for the Virginia Agricultural Vitality Program and forced further scale back in plans for implementation of Virginia FarmLink. Having no resources to do otherwise, staff focused attention on the development of the program's database—which consists of people who want to enter farming and those exiting farming.

The Virginia Farm Bureau Federation assumed the responsibility for developing that database until resources become available to the Agricultural Vitality Program and continued to operate the database throughout this reporting year.

In other Farm Link activities, ADS Staff worked with Virginia Tech, NC State, Virginia Farm Bureau and the NC Farm Bureau on a USDA Grant to provide educational and technical assistance on Farm Transition. The Grant resulted in funding for technical materials and the organization of a "train the trainer" meeting in eastern Virginia in May 2005 where Farm Transition information and issues were presented. Additional meetings are being planned for Fall-Winter, 05-06.

Farmland Preservation

Following the Publication of the Guidelines for the Development of Local PDR Programs, , the VDACS Farmland Preservation Task Force turned its attention to development of a state-level PDR program, which is projected to be released in late 2005.

Staff also represented Virginia at the Annual Meeting of American Farmland Trust; acted as advisors in the allocation of monies from the Virginia Land Conservation Foundation and USDA's Farmland Ranch Lands Preservation Funds and acted as consultants to Northampton and the Isle of Wight counties among others, in the development of local PDR programs.

SPECIAL PROJECTS

Specialty Agriculture Initiative (Virginia Works)

ADS staff assisted the Secretary of Commerce and Trade and Secretary of Agriculture and Forestry in the development of the Specialty Agriculture component of Virginia Works. This component consists of new initiatives in agribusiness development specifically targeted to the development of specialty agriculture enterprises and businesses, marketing activities for Specialty Agriculture products and specialty agriculture research. After being given responsibility for this program, ADS has subsequently worked to implement this initiative which is scheduled to begin in the fall of 2005.

Hosting the Annual Meeting of the National Council of State Agricultural Finance Programs

ADS hosted the National Council of State Agricultural Finance Programs (NCOSAFP) Annual Conference in Williamsburg on October 13-16, 2004. This activity involved development of the program, handling logistics, and providing tours to acquaint the 55+ conference attendees on the agriculture, historic and tourism resources of Virginia.

Virginia Poultry Growers Cooperative

In response to the Pilgrims Pride turkey plant closing and the potential impact to affected Virginia poultry growers, ADS worked with a key group of poultry growers, USDA, and Southern States Foundation to facilitate the creation and organization of the Virginia Poultry Growers Cooperative (VPGC). ADS provided technical support and assisted with the financing/capitalization of VPGC, resulting in the company's purchase of the Pilgrims Pride facility. VPGC began operations in November 2004.

COMMISSIONER'S OFFICE

OFFICE OF ADMINISTRATIVE AND FINANCIAL SERVICES

The Office of Administrative and Financial Services provides a broad range of administrative and technical support services to the Commissioner's Office and the program divisions of the agency. The office also serves as the liaison and coordinates operations with central state administrative agencies, federal administrative agencies, and vendors who provide goods and services to the department.

The office is organized into five operational units which include the Offices of Finance, Budget, Information Systems, Property and Facilities Management, and Purchasing and Support Services. The following accomplishments were achieved during the 2004-2005 fiscal year:

Finance Office

Received Auditor of Public Accounts audit in June 2005 for the period January 1, 2003 – June 30, 2004 with no reportable findings or management comments.

Complied with the Prompt Payment Act by processing over 99% of all payments to vendors within 30 days. The Act requires at least 95% of all payments to be paid within 30 days.

Complied with DOA Payroll efficiency initiatives:

Program	VDACS ¹	DOA Goals	Statewide ²
Direct Deposit (Classified)	93%	80%	89%
Direct Deposit (Wage)	54%	40%	55%
Payline	22%	None	26%
Opt-Out of Payroll Remittance Printing	12%	4% ³	13%
Employee EDI Participation	92% ⁴	75% ³	77%

¹ Calculated as of 6-30-2005

² Reported as of 3-31-2005

³ Predicted to increase in the future

⁴ Calculated as of 3-30-2005

Worked with the Information Systems Office and the Tobacco Indemnification and Community Revitalization Commission's (TICRC's) Contractor (Troutman, Sanders, Mays & Valentine - TSM&V) to process over 34,000 payment transactions valued at over \$15,000,000 during the last weeks of FY2005.

Paid all employees in a timely and accurate manner with no unresolved errors.

Successfully replaced remotely printed reports with Reportline to get reports faster without unnecessary printing of reports. Saving money in both printing costs and storage of the reports which are now maintained electronically.

Successfully transitioned to VITA billing system and developed a method to reconcile the bill to eVA orders sent to VITA.

Coordinated agency compliance with the Appropriations Act requirement on mandatory travel reimbursement by Electronic Data Interchange (EDI). The Finance Office monitors DOA's quarterly compliance report and notifies appropriate the Strategic Management Team member

of non-compliant employees.

Implemented new American Express Travel Card regulations issued by DOA including required monthly analysis, more stringent compliance requirements, and training mandates.

Performed physical Inventory of agency equipment. Information to be disseminated in August 2005 for research and corrections.

Performed annual tasks including IRS 1099 reporting, State Treasury "Due Diligence" processing, DOA Quarterly receivables reporting, other special and ad hoc reporting as requested. Also, all financial reporting schedules were promptly and accurately submitted to DOA in accordance with GASB requirements prescribed by the State Comptroller.

Facilities Office

Effectively managed the operation and maintenance of the agency's regional facilities with limited increase in cost from the previous year. This was accomplished even though energy costs increased significantly.

Coordinated space planning, electrical, mechanical, plumbing, and telecommunication systems for relocation of agency staff to new office space in the Finance Building at Capitol Square.

Developed agency capitol budget request for the 2006-08 biennium. This request is part of the overall 2004-2010 six-year Capitol Budget Plan

- Eastern Shore Marketing & Inspection Office - \$868,200
- Expand/renovate Ivor Regional Laboratory - \$2.1 million
- Eastern Shore Seafood Facility - \$5.6 million

The Facilities Office developed a grant proposal that resulted in the award of a \$76,850 Intrusion Alarm grant from the Department of Emergency Management to provide an intrusion protection system with card reader access entry for five (5) regional laboratories.

Completed five facility improvement projects at the Department's Regional Laboratory, Farmer's Markets and office facilities.

Effectively managed the agency telecommunication function to provide the most up to date service with minimum disruption at the least possible cost. Processed 110 service and repair requests during FY05.

Managed the agency real property lease functions to obtain the most favorable terms at the lowest cost. Completed six renewal agreements.

Updated and revised the agency's Continuity of Operations Plan (COOP) to provide specific guidance to continue the mission critical functions of VDACS in the event of the occurrence of a disaster or disruptive event.

Completed programming, space planning and coordinated development of working drawings, site acquisition and detailed cost estimates for construction of the new Harrisonburg Regional Laboratory and Office. Working drawings have been completed and approved. Developing storm water management and erosion control specifications and calculation based on reviews from the Department of Conservation and Recreation.

Completed HVAC Replacement for the Ivor Regional Laboratory and Office.

Procurement Office

Spent \$3.25 million through the Commonwealth's electronic procurement system, eVA; 82% of this activity was with eVA registered vendors. Since the inception of eVA, total eVA spending is \$6.8 million with an average of 83% of activity with registered vendors.

Spent just under \$1 million in small purchases using the American Express Small Purchase Charge Card.

Utilized eVA Quick Quote for ten small, competitive procurements.

Assisted Agency vendors with eVA registration for a 10% increase in Agency spending with registered vendors vs. non-registered vendors when compared to FY04.

Utilized SWAM (small, woman-owned, minority-owned) businesses for 30-35% of discretionary purchases quarterly.

Continued to reduced the number of items carried in inventory in Agency Central Store, which resulted in cost savings due to smaller inventory and less demand for warehousing space.

Budget Office

Effectively evaluated and monitored the execution of the agency's budget on a monthly basis to ensure program needs were met. VDACS Budget Office prepared 100 budget requests which were approved by the Department of Planning and Budget in order to prevent any unauthorized deficits at the close of FY 2005.

Coordinated the development of the 2004-2006 Biennium Amendments for the 2005 General Assembly.

Changed the agencies' reports to reflect the budget and time period for each grant. Renamed cost codes with the period of the grant within the name. Added Committed Unpaid to record Indirect Cost amounts. These changes helped the sections keep track of their remaining balances each month.

Effectively managed the Federal Cash to stay within federal guidelines and maintain expenditure payments.

Information Systems

Agency completed the transition of employees, hardware, software and contracts to the Virginia Information Technologies Agency (VITA).

In preparation for the move to the Finance Building, the Agency completed the move of mainframe and servers from the Washington Building to the Richmond Plaza Building.

Conversion of applications to three-tier, and the movement of appropriate data to the Oracle 9i environment continued. Applications which were affected were: Dairy Services; Market News; Food Distribution; Agency Mail lists; Weights and Measures; Feed Permits; Fertilizer Licenses. A new internet-based application – Animal Record Reporting System - was implemented in coordination with the Virginia Information Providers' Network (VIPNet).

COMMISSIONER'S OFFICE

OFFICE OF COMMUNICATION AND PROMOTIONS

The Office of Communication and Promotions (OCP) manages the agency's efforts in communication with public and client groups through publications, news releases and contacts with print and broadcast media, special events and presentations and serves as the promotional arm of the Division of Marketing by coordinating promotional projects, displays and exhibits, trade shows, and marketing campaigns. The office also utilizes electronic means for communication such as the Internet and video presentations. Major accomplishments of the office for FY 04-05 are as follows:

Initiated positive publicity about Virginia's agriculture industry through promotion of the Virginia Food Festival, Virginia Grown campaign, Pumpkin Month, Agriculture Month, Virginia Christmas Tree Month, the Beef Expo, the Savor Virginia Food and Beverage Expo, Virginia's Finest holiday promotion and more.

Developed and distributed 122 news releases, including

- 69 releases on agricultural products and promotional events
- 4 releases on food safety
- 11 on animal diseases (EEE, WNV, Avian Influenza) plus 2 on personnel/organizational changes in AFIS – total 13
- 23 on consumer issues
- 3 on agency events and special observances
- 2 on emergencies – template releases in the event of closure of VDACS buildings
- 2 on Agricultural Development
- 8 on agency programs and meetings (Many releases on marketing, consumer issues, and animal issues were about agency programs; those releases are reflected in the totals under those headings.)

Maintained existing relations with media, plus developed new relationships, including Web-based media and radio networks.

Some of the larger media issues included West Nile Virus, BSE, fall storms and hurricanes, grant to the Virginia Poultry Growers Association, appointment of the first Secretary of Agriculture and Forestry, dairy regulations/goat cheese/on-farm sales, trucking accident that killed and injured hogs, hog deaths at a farm in Sussex Co., and two PETA issues: how many animals they euthanize and two PETA employees who were arrested on animal cruelty charges.

Shot footage for a video on the Virginia Christmas tree industry. Will shoot additional footage and produce the video in FY 06.

Coordinated several special events, including the State Fair of Virginia exhibit and Virginia Agriculture Month. This year's Ag Month included the Governor's visit to a school in Sussex Co., multiple news releases, a proclamation, an enhanced Web section featuring the theme of "Pick the Good Stuff." Other events to which OCP contributed include the Virginia Food Festival, open house at Bloxom Vineyards, reception after lighting the National Christmas Tree, a Virginia's Finest reception for the Agribusiness Council Banquet, the Beef Expo, the Ag Summit, ACF Regional Conference, the annual conference and the fall educational conference of the Va. Food and Beverage Association.

Coordinated trade show exhibits and registrations for the Division of Marketing, including PMA, an e-commerce seminar for Virginia's Finest participants, the National Livestock and Grading

Association's annual workshop, UFF&V (FMI) trade show, Southeast Produce Council, Northeast Produce Council, Canadian PMA, Virginia Cattlemen's Association. Also coordinated events such as Virginia Consumer Protection Week, Richmond-Southern Women's Show, and Virginia Farmer's Market Week. Coordinated exhibits for the State Fair, Virginia Dairyman's Convention, Autumn Harvest Jubilee, Eastern Shore Ag Conference, Virginia Grown Conference, National Cattleman's Association Conference, Virginia Soybean Conference, and the Office of Consumer Affairs.

Other promotional activity included a Virginia's Finest ad in the 2005 Va. Travel Guide, part of a larger initiative to target tourists that also included an ad in the Va. Travel magazine insert in the New York Daily Post; Pesticide Control Board's awards to Extension agents; Association of Science and Technology Centers conference; Jamestown 2007 Anniversary; Virginia' Finest ad for a supplement in the Richmond Times-Dispatch about the Va. Museum's new Virginia cookbook; potato ad the *The Packer*; assisting the food and travel writers for the Times-Dispatch with agricultural sites to visit on an Eastern Shore tour; gardening column for the Green Industry Council; ad for *Produce News*; and creating a Va. Grown logo suitable for highway signs.

Assisted the following commodity groups and organizations with events, copywriting, graphic design, Web announcements, and media relations: Christmas Tree Growers, the Horse Board, SUDIA, the Pumpkin Growers Association, the Va. Egg Council, and the Green Industry Council. All news releases and event announcements were posted on the agency Web Site.

Developed collateral materials to promote agriculture products through the Christmas Tree Guide, the Virginia Grown program, the Virginia Food Festival, Savor Virginia, the Virginia's Finest program and www.shopvafinest.com.

Supported the following events with media relations, event coordination, and photography: Ag Expo, Virginia products reception for the American Business Women's Association Conference, reception for the Virginia Farm Bureau's annual conference, Ag Summit, open house for the Office of Procurement, Administrative Assistant's Week, Public Service Week, Meat Marketing Seminar, Arbor Day tree planting, Senior Farmers Market Nutrition Program.

Created several new sites or revamped existing sites on the agency Internet, including Virginia Grown, Johne's Disease, Va. Export Forestry Directory, Milk Commission, Ag Organization Directory, animal ID program, the Virginia Pollinator, Ag Month, Resources for Students and Teachers, Food Festivals, Virginia Grown Guide, organics, and the on-line nursery catalogs. Other Web-based activities included an e-commerce seminar for Virginia's Finest participants, production and distribution of the quarterly shopvafinest.com newsletter, and four issues of the Vet Services newsletter. In addition OCP provided extensive information and features for the Web site of the Secretary of Agriculture and Forestry.

Supported the agency intranet site with photos, posting "New Faces," continually updating photos and captions on Capitol Square renovations and construction, photos and copy of the Merit Award winners, photos and copy of the presentation of the Produce Business award, photos/copy for the kickoff for the CVC, photos/copy of the National Capitol Holiday Tree, photos/copy of Administrative Professionals Week and Public Service Week, and other services.

Wrote seven speeches for the Commissioner, Secretary, and Governor.

Wrote, edited, and distributed 12 issues of Employ-E-News. Other publications included: four issues of the Food Safety Newsletter; updating the Dispute Resolution brochure; annual survey

of publication for the Library of Virginia; Ag Facts brochure; Pocket Guide to Procurement; Ag Development brochure; four educational packets for the State Fair; Va. Grown poster; Va. Grown brochure; Virginia's Finest co-op marketing brochure; farm liability brochure; letters from the Governor, Secretary, and/or Commissioner for the 2006 Equine Directory, and the 2005 Ag Expo; and letters of commendation from the Governor for Reggie Reynolds's retirement party and Château Morrisette's 25th anniversary.

Provided photographic support to the entire agency as well as Commodity Boards and organizations such as the Agribusiness Council.

Administered the Century Farm program, which marked the milestone of 750 farms in the fall of 2004. By year's end, 790 farms had registered.

Developed informational materials, news releases, Web pages, special events and exhibits to educate the public on food safety, consumer issues, and animal issues.

Updated all mailing lists for media, commodity boards, and other groups.

Wrote and shepherded the following proclamations through the process: Virginia Farmer's Market Week, Food Safety Month, Apple Month, Pumpkin Month, Virginia Cooperative Month, Christmas Tree Month, Virginia Consumer Protection Week, Virginia Arbor Day, Virginia Agriculture Month, Egg Month, and Dairy Month.

Participated in the following agency and statewide committees and task forces: State Fair Youth and Education Council, Virginia Government Communicators Association, COSDA, State PIO Terrorism Task Force, Virginia Public Inquiry Center, 2004 Employee Recognition Awards Presentations, Food and Beverage Association, Beef Industry Council, Virginia's Finest Task Force and Evaluation Committee, Virginia Beef Expo Board Advisor and Promotion Committee Member, and VDACS' fire wardens/emergency evacuation team.

New this year was assistance with the agency headquarters' relocation to the Old Finance Building: meeting with the audio-visual rep about set-up in the Board room, scanning floor charts and diagrams for Facilities Management, meeting with the furniture movers, and repeatedly photographing the building for features on the Intranet.

COMMISSIONER'S OFFICE

HUMAN RESOURCE OFFICE

Directs the VDACS comprehensive human resource program to ensure the effective management and utilization of agency resources. This agency employs approximately five hundred full-time positions and three hundred wage and seasonal employees in statewide, national and international locations. Plans and directs the full range of human resource activities to meet management needs, foster a productive workforce, assure the fair and equitable treatment of all personnel, and support the agency mission and strategic plan. During the July 1, 2004 - June 30, 2005 year, the Human Resource Office accomplished the following:

Classification and Compensation:

Continued to carry out the Human Resource Management Initiative to ensure the policies and procedures support and align with the business needs of the agency. Reviewed the Agency Salary Administration Plan for any changes needed. This plan addresses how we manage compensation and performance management components in VDACS and is the foundation for ensuring consistent application of pay administration decisions.

Processed salary increases of 3% for non-probationary classified employees with a Contributor or Extraordinary Contributor performance rating for 2003-04. Reviewed and processed salary increases for selected wage employees.

Continued reviewing positions exempt/non-exempt status with regard to changes to the US DOL's Fair Labor Standards Act.

Recruitment and Selection:

Coordinated approval of personnel actions through the Office of the Secretary of Commerce and Trade and Secretary of Agriculture and Forestry: Requested 52 full time positions; 19 wage positions; and eight exemptions to the 1500 hours for wage employees. Periodically staffed agency by hiring temporary staff as requested.

Recruited for a total of 65 positions, 53 classified and 12 wage positions (several positions were re-advertised during this time frame). Processed and screened a total of 1,389 employment applications for these positions. Offers were extended to a total of 51 applicants and of those 47 were hired. Referral reports forwarded to Division Directors/Hiring Managers in an average of 10 days. Positions were filled in an average of 76 days from the open date.

HRO staff participated on 18 interview panels to support division personnel and offer professional advice regarding the selection of applicants.

Coordinated fingerprint based criminal history record checks for employees hired into positions identified as sensitive.

Continued to use cost-effective recruitment advertising strategies by placing greater emphasis on web-based media instead of print media. Print ads are brief and instruct applicants to view on-line postings or call the 24-hour Job-Line recording for additional information about the

posted position. Increased agency advertising through profession-based associations and groups.

Electronically submitted applicant data to DHRM for use in compiling EEO statistics. Reviewed statistics using the EEO Assessment Tool established by DHRM. Researched and provided justification for areas of concern. Received DHRM's approval of agency strategies to maintain compliance and attract qualified and diverse applicant pools.

Implemented tracking of recruitment actions to meet the Governor's scorecard measures for completing the recruitment process in less than 60 days after the recruitment's closing date.

Benefits:

Assisted employees in resolving issues with their benefits. Coordinated one open enrollment for Flexible Spending Accounts, health care insurance and Long-Term Care insurance.

Facilitated communications for short-term and long-term disability programs. Worked with a total of 49 employees on short-term disability and two on long-term-working status under VSDP. Transitioned one employee to long-term disability. Coordinated Leave Share for two employees. Coordinated FMLA non-VSDP leave for 10 employees.

Assisted employees with retirement benefits and processed 14 retirements and two requests to "Purchase Prior Service."

Coordinated Deferred Compensation meetings with Great West in Richmond and the field locations.

Facilitated and coordinated three New Employee Orientation sessions for VDACS' employees.

Calculated WTA severance costs for various employees within VDACS and communicated and administered the Layoff Policy and Severance Policy to individuals impacted by layoff actions. Coordinated alternative placements and assisted laid off employees with COBRA, career planning and notice of available employment opportunities.

Maintained the agency leave accounting records, verifying balances with the biennial leave histories and making maintenance transactions when required.

Administered and coordinated applicable military leave and benefits for two VDACS employees.

Implemented a 32-hour workweek for one VDACS employee.

Safety and Wellness:

Conducted six CommonHealth programs and 13 challenges. Scheduled flu shots which were later canceled due to a lack of serum.

Processed 21 Worker's Compensation claims.

Facilitated two CPR/First Aid/AED quarterly review/refresher for employees trained in these skills. Distributed a monthly CPR/First Aid/AED challenge question via email to participants to promote retention of skills. Maintain updated list of employees trained in these skills on Intranet and elevator lobbies in Washington Building. Posted signs regarding the location of the AED units in the Washington Building. Purchased five Blood Pressure cuffs, trained selected employees and conducted one BP Screening for employees assigned to the Richmond area.

Distributed packets with the evacuation information to each new employee assigned to the Washington Building.

Coordinated job modifications for 11 employees returning to duty from injury/illness to include workplace assessments, modified work schedules, and temporary telecommuting arrangements. These situations involved considerable interactions with employees, their respective supervisors/managers, and correspondence with VSDP Administrator, DHRM's Office of Risk Management, and medical practitioners.

Met with representatives from Managed Care Innovations for an Agency Loss Control Snapshot Survey to review and provide strategies for reducing or eliminating workplace accidents and injuries.

Assisted in the development of Hazard Communication Plans for each program area, established Safety Coordinators for each program area and continued to monitor and assist programs with safety training and communication.

Employee Relations and Communications:

Coordinated four regional meetings and a central office meeting in Richmond to distribute Service and Merit Awards for 2004. Communicated with employees scheduled to receive a state service award in 2005.

Coordinated the agency's performance management plan including annual evaluations and related appeals, acknowledgement of extraordinary performance or notice of improvement needed, probationary reviews and extension of probationary period, as well as performance reviews for wage staff. Reviewed every employee's EWP to determine if it included technical, computer or management training as per our Strategic Plan. Provided training and guidance to new managers/supervisors and others as requested.

Counseled management and supervisors on several sensitive employee issues before they escalated into disciplinary actions or grievances. Responded to four FOIA requests, two EEO complaints, two EEO charges, one grievance and investigated three other complaints.

Provided confidential counseling and guidance to agency employees on a variety of issues to include team member relationships, disagreements with supervisors, career counseling, resume/application preparation and interviewing skills.

Consulted with agency management regarding re-structuring work units and related work processes.

Facilitated policy training workshops on Workplace Harassment, Recruitment and Selection and provided a team building workshop (MBTI) for one work unit.

Reviewed and processed six formal disciplinary actions (four Group II Written Notices and two Group I Written Notices).

Submitted articles and information for publication in the *Employee E-News* monthly newsletter. Topics ranged from reminders of important deadlines, new and revised policies or benefits, and employee responsibilities related to work hours, leave usage and casual dress guidelines.

Staffed the EEO Advisory committee and assisted in the coordination of meetings and projects. Developed and distributed Quarterly EEO Advisory Committee Newsletter and coordinated committee members' attendance at the Urban League Conference. Attended a campus career fair at Norfolk State University and Virginia State University to increase awareness among minority college students of career/employment opportunities in VDACS.

Coordinated a breakfast to recognize and thank professional support staff.

Coordinated a breakfast, ice cream social, videos and workshops on Estate Planning and Healthy Lifestyles in recognition of Virginia Public Service Week. Drawings were held each day during the week to give away gift certificates and prizes.

Developed a committee to research and evaluate options for the Agency's Recognition and Rewards Plan.

Established, maintained and updated the emergency closing hotline for Richmond based employees to receive closing information.

Training and Development:

Coordinated employee development and management training programs for employees, to include: Commonwealth Management Institute; Virginia Supervisory Institute; Virginia Executive Institute; Fundamentals for Supervisors; EEO-related training for the EEO Advisory Committee.

Staffed a state-wide committee charged with developing training for State supervisors and managers and partnered with other State Agency's HR staff to develop a Communication Skills workshop.

Provided management and employees with information on seminars, courses, training materials, training sessions, etc.

Conducted two Workplace Harassment Policy training sessions for newly hired employees. (EEO Advisory Committee project)

Presented EEO training to OMPS Inspection team assigned to the Eastern Region and Office of Veterinary Services. Staff provided recruitment and selection training sessions to employees serving on interview panels. Facilitated a safe-driving workshop for OMPS inspection staff assigned to the western region.

Compiled and submitted the agency quarterly training report to DHRM.

Miscellaneous:

Coordinated with DGS to issue and replace security badges for access to the Washington Building, as well as parking in the Bank Street Parking Deck and Madison Building Parking Deck.

Established procedure with DMV to generate employee ID badges using their picture on file at DMV. This eliminates employee travel to Richmond for ID badges.

Worked with Information Systems to update the Intranet and put information on healthcare, policies, training, and other items of interest to employees. Used GroupWise to disseminate information to employees in a timelier and less costly manner. EWP Work Description/Plans for

the 2004-2005 cycle were submitted to Human Resources electronically. Sent out Economic Interest and Financial Disclosure Forms via e-mail as well as on-line training mandated by the General Assembly. Maintained external e-mail address book for HR, Information Systems and Finance use in communicating with employees not connected to GroupWise.

Distributed a Workplace Violence policy to the SMT for review and comments.

Conducted quarterly visits to the Seed/Metrology Lab to provide employees with opportunities to discuss any employment related issues.

Monitored the secondary employment activities of VDACS workforce to reduce perceptions of potential conflicts of interest.

Served on the statewide Employee Suggestion Program Task Force.

Coordinated the Virginia State Employee Tsunami Collection Drive for the agency.

Worked with the Office of Administrative and Financial Services to coordinate the transfer of VDACS employees to VITA. Attended numerous meetings with VITA staff to ensure that the process went smoothly.

Distributed revised DHRM Policies and provided policy interpretations.

Developed an Agency Workforce Planning Report. Canvassed management team on workforce planning issues.

COMMISSIONER'S OFFICE

OFFICE OF INTERNAL AUDIT

The internal audit function is designed to provide management with a multitude of independent evaluation and internal consulting services. The objectives of the audit services are to enhance the accountability over the Department's assets; ensure the reliability and integrity of information and data; determine compliance with plans, policies, procedures, laws, and regulations; appraise the economical and efficient use of resources; and evaluate the accomplishment of established goals and objectives for program operations. The Office of Internal Audit performs planned audits, special audits and reviews, management consulting, fraud, waste, and abuse hotline.

Revised and implemented an agency audit plan for fiscal 2005. As approved by executive management, the audit plan is for the calendar year 2005 and is based on the top ten agency audit units. To assist in creating this plan, audit completed a risk assessment of the agency. The risk assessment was based on a survey that evaluated the level of risk for the operating programs in the agency as gauged by the respective program managers. Audit administered the survey and analyzed the results, providing feedback from the risk assessment to the VDACS strategic management team of risks facing the agency. Audit tracked the history of audits and audit findings at the agency to assist in creating the audit plan.

Provided consulting services for several projects. For example, internal audit provided analysis pertaining to pesticide investigation and regulation for the Office of Pesticide Services. Internal audit reviewed the processes for investigation of pesticide applicators and provided analysis of the regulation process. Internal audit researched several sections of the Virginia Code and assisted the Office of Pesticide Services with meeting legal counsel of the Attorney General's Office to review the legality of the regulatory process.

Provided consulting services to the Office of Product and Industry Standards. Internal audit reviewed the history of payment of fees from the licensing of companies selling seeds in Virginia. Through analysis, audit showed that several companies might be underpaying registration fees. Audit provided recommendations to help improve the fee collection process.

Consulting services for the Department of Human Resources. Audit completed a study of the use of year-end sick leave by agency employees to evaluate if it was used inappropriately. Audit also reviewed leave-without pay transactions. Audit determined that the cost of these transactions was significant and flowcharted the process for the agency.

Assisted in creating a model to help assess Virginia's agriculture infrastructure to terrorist attacks. Audit created a risk matrix based on several critical factors to help in prioritizing resources that are used to guard against agriculture terrorism.

Completed three investigations of hotline calls. Based on the investigations, audit gave recommendations to executive management and provided reports to the Virginia Department of State Internal Auditor. In addition, audit conducted an internal investigation of fraud and waste which was not a hotline call.

Completed an audit of the Weights and Measures Program. The audit consisted of a review of the compliance of the program with policies and procedures, an assessment of its effectiveness and efficiency, and evaluation of the impact of legislative change. Audit incorporated an employee survey as part of this process, and based on its results provided constructive

feedback to management pertaining to operations. The audit of this program provided several specific recommendations to improve this program which are being implemented.

Commenced the field work stage of an audit of the VDACS Seed Laboratory. As part of this work, audit created a flow chart of operations which will be incorporated by laboratory management in a procedures manual. Audit has completed testing of time and leave, and several areas of expense. Audit discovered a problem with the monthly billing download for the seed laboratory.

COMMISSIONER'S OFFICE

STATE MILK COMMISSION

The State Milk Commission was created in 1934 by an Act of the Assembly to provide for a stable milk-marketing environment that affords a sufficient and constant supply of milk to satisfy Virginia consumers demand, at reasonable prices. It was also to assure milk processors and producers that the supply of milk was equitably priced.

In carrying out this legislative mandate staff manage a base supply system that establishes annually the projected milk production target required to satisfy demand for fluid milk production; manages and accounts for the production of producers to ensure is the sufficiency of supply to meet the targeted goal; assigns monthly a base target to licensed processors based on their Virginia Class I milk sales that producers are required to deliver; receives and processes monthly reports of receipts and utilization and calculates values for producer receipts based on classifications of utilization at established pricing; conducts audits on the monthly reports of receipts and utilization to verify accuracy of information, compliance to regulations and proper settlement for producer deliveries; issues audit findings and audit adjustments to producer payments; calculates and issues monthly producer prices; audits and investigates fair trade matters; calculates monthly presumed cost prices at wholesale and retail; licenses producers, wholesalers, and processors; when necessary promulgates regulations to fulfill legislative mandates; acts as a mediator to the industry when required to intercede in contentious matters.

Calculated and established a nine-month base supply requirement and a three-month base supply requirement for the period March 1, 2005 through February 28, 2006. Communicated base information to 1,152 base-holding producers and their cooperative associations.

Received and calculated monthly production during the base making period of September 2004 through November 2004 to ascertain a producer's ability to produce base target requirements. Adjusted base-holding producers for losses and recoveries. Target base supply did not require any increase or decrease adjustment from the prior year.

Assigned and communicated monthly base requirements to an average of 30 licensed processing plants each month during the period and notified cooperative associations of the assignments. All assignments were communicated to all parties in sufficient time to plan and coordinate deliveries by cooperative associations and receipt and processors.

Processed 56 base transfers between producers during the period. Those transfers resulted in 13 base corrections/re-assignment of base and communication of these changes during the period.

Posted and accounted for monthly producer production each month. Production of Virginia producers was 1,744,934,267 pounds for the period. This was an increase of 4.96% from the prior year.

Managed a regulatory system that provided for an orderly milk-marketing environment conducive to milk production in Virginia. As of June 30, 2005 there were 1,458 milk producers. This was an increase of 38 producers or 2.68% from 2004. As of June 30, 2005, there were 1,152 licensed base-holding producers a decrease of 13 producers or 1.12% from the previous year. Since June 1995, 163 producers have gone out of business. This represents a decrease

of 12.40% of the base-holding producers. Overall, the number of dairy farmers nationally is steadily decreasing.

Received, processed, and verified 382 processor monthly reports of receipts and utilization during the period within regulatory due dates. This was up 6% over last fiscal year. Received, processed, and verified 159 monthly reports of class I sales from distributors during the period within regulatory due dates. This was down 30% over last fiscal year due to reports being consolidated into processor reports. Notified all processors, distributors, producers, and cooperative associations each month of the Commission's calculations.

Prepared and reconciled monthly transfers of class I products between licensed distributor reports.

Calculated and reported class I fluid milk product utilization (sales) for the period which was 909,438,454 pounds, an increase of 4.01% over the preceding year. Eastern market sales decreased 12,604,173 pounds or 2.82% from the previous year; Western market sales increased 49,912,241 pounds or 13.71% from the previous year; and Southwestern market sales decreased 2,250,391 pounds or 3.54% from the previous year.

Provided an orderly milk-marketing environment for licensed Virginia distributors to provide 640,840,930 pounds or 75.45 % of class I fluid milk product sales. Licensed out of state processors provided 208,557,526 pounds or 24.55 % of the class I fluid milk product sales. Virginia distributors decreased their sales by 33,842,691 pounds or 5.02% over the previous period. Virginia processors exported 1,099,291,207 pounds of class I fluid milk products to other state markets during the period. This was a 120,318,962 pounds or 12.29% increase over the last period.

Production by Virginia producers was 2.01 times the demand for class I fluid milk products. Extra production went into manufactured class II, and exports to other states.

Calculated Class I and Class II producer prices and announced on the regulatory due date each month. This resulted in communication of a monthly average 695 price announcements by mail; a monthly average of 58 price announcements facsimile transmissions; postings to the web page of monthly price announcements; and e-mailing to a monthly average of 220 price announcements.

Calculated and announced Class I producer prices for each market each month during the period. The average Class I producer price for the Eastern Market was \$20.50/cwt for the period. This was a 4.77% increase from the prior period average. The average Class I producer price for the Western Market was \$20.30/cwt for the period. This was a 4.63% increase from the prior period average. The average Class I producer price for the Southwestern Market was \$19.74/cwt for the prior period. This was a 5.39% increase from the prior period average.

Calculated and announced Class II producer prices each month during the period. The average Class II producer price for the period was \$ 13.43/cwt. This was a 23.1% increase from the prior period average.

Calculated and issued producer prices and classified producer receipts resulting in Virginia base-holding producers being paid approximately \$185,048,678 for their delivered production to licensed processors for class I utilization. This was an increase of \$15,837,531 or 9.36% from the previous period.

Conducted audits of 313 monthly reports of receipts and utilization resulting in \$472,050.06 in audit findings/adjustments due to processors and cooperatives. Each audit followed an established audit program, which includes verification of findings of each audit. Audit findings communicated to all affected parties.

Conducted numerous audits on reported class I fluid milk product sales from other licensees and processed on the basis of total monthly sales volume.

Calculated, processed, invoiced and posted an average of 42 assessment billings each month to distributors totaling \$549,604. Collected \$548,614 of these billings with a balance of \$1048 collectible receivables at June 30, 2005. Processed and made deposits of the assessment revenue and reconciled to Comptroller's records. Prepared and submitted 4 quarterly account receivable reports to the Comptroller. The assessment rate stayed at \$.0325/cwt for the entire fiscal year.

Prepared, reviewed, approved, keyed, verified and reconciled 71 invoices, IAT's, and ATV's during the period. All expenditures were within appropriations.

Prepared internal monthly financial reports for the Administrator on Special Dedicated Revenues and Agency Funds.

Prepared 2004-05 associated year-end financial reports for the Comptroller for inclusion into comprehensive annual Commonwealth financial report.

Calculated monthly Agency Fund Eastern Market Pool calculations based on monthly reports of receipts and utilization. Communicated findings to cooperative associations of amounts due from the pool fund and amounts due to the pool fund. Posted receivables and payables. Collected and deposited payments and issued payments. Prepared monthly report of Agency Fund activity.

Prepared numerous monthly, quarterly and annual statistical and data reports on monthly reports of receipts and utilization information; class I data; producer and cooperative production information and various other reports for management. Reports included comparative data. The Information is also the basis of the preparation of a monthly milk market information bulletin. Eighteen are mailed and two are e-mailed each month. The statistical and data information maintained, is also the basis of an annual statistical report prepared by the agency. Management, industry parties, academics, and other interested parties use this information. 218 reports were prepared and mailed.

Conducted and recorded monthly retail price information from on site visits to grocery stores in the Tidewater and Richmond metropolitan areas. Recorded and summarized data for inclusion into the Monthly Market Basket Publication.

Conducted approximately 29 retail price surveys each month. Completed a monthly report of retail fluid milk prices and submitted to the International Association of Milk Control Agencies for inclusion in a summary retail prices report of all participating states. Prepared an internal report for management and posted same to web site.

Conducted and verified cost studies of 5 licensed processing distributors during this period to ascertain individual class I product processing costs from receipt of raw milk through the various processing stages to the loading dock as finished products. Calculated weighted average processing costs at the completion of cost study for inclusion into the presumed cost calculation.

Prepared annual weighted average delivery cost for determination by the Commission if the case delivery cost percentages should be adjusted.

Prepared and verified monthly presumed cost reports on class I fluid milk products by container size/ type and type of product at dock, at wholesale based on three delivery categories, and at retail based on three delivery categories. This report is the basis for administering provisions of regulations dealing with below cast sales. This report is the basis of several spin off reports consisting of a raw milk cost report used by school divisions, state colleges and universities, localities, and state agencies in the administration of class I fluid milk product contracts; and a retail cost report used by retailers in their pricing.

Communicated the monthly presumed cost reports to requesting parties as follows: 29 reports mailed each month and 111 e-mailed each month. Raw milk cost reports were e-mailed each month. Five retail cost schedules were e-mailed each month.

Commenced in-house and college training of two positions to enable those employees to progress to Auditor II status. Also began training all auditors in the Richmond area in preparation for the retirement of the Deputy Administrator. Staff continue to be trained on base assignment, pricing, financial statements, etc.

Held four Commission meetings. Prepared information for the Commissioners and recorded minutes. Provided training on Freedom of Information Act to Commissioners. Provided an orientation of Commission activities, Regulations and Laws to a newly appointed producer Commission member.

Responded to numerous customer contacts concerning:

1. Class I & II Prices
2. Retail pricing complaints
3. Cost Studies
4. Presumed cost findings
5. Producer Base
6. Assigned Base
7. Rules and regulations
8. Monthly report information
9. Audit Findings
10. Licensing
11. Virginia's milk program
12. Bad milk reports

Attended numerous meetings:

- two annual meetings of Producer Cooperative Associations
- Cooperative Council annual meeting and Youth Retreat
- Attended educational program for First Graders in Louisa County
- two Board meetings of Virginia State Dairymen Association
- Farm Bureau meetings
- four Friends of the Industry of Agriculture meetings
- Annual meeting of International Association of Milk Control Agencies
- two SUDIA meetings

Held 16 technical hearings and licensee applicant telephone conferences to review applications and gather information in which to formulate a recommendation to Commission on issuance or revocation of distributor licensee during the period.

Improved State Milk Commission detailed informational orientation package for new Commissioners and other interested parties.

Worked with VDACS staff in coordinating the physical relocation of Commission to the State Finance Building to take place in next fiscal year.

Continued with revisions and improvements to a statistical data system to measure and report work activities.

Continued with developments and implementation staff training on a statistical data recovery and reporting system from monthly reports to reduce the amount of data entry and provide enhanced reconciliation.

Implemented the Producer Recovery Fund in accordance with § 2 VAC 15-20-81 D of the Administrative Code to assist producers affected by the Chapter 11 bankruptcy of Winn Dixie, Inc. in payments for delivered production.

Assisted the Policy, Planning and Research Office in the development of amendments to Chapter 21 §§ 3.1-425 through 3.1-461 of the Code of Virginia for the Code Commission in their review of the Code of Virginia.

COMMISSIONER'S OFFICE

OFFICE OF POLICY, PLANNING AND RESEARCH

The Office of Policy, Planning and Research provides a variety of services including agricultural and environmental issue analysis, regulatory assistance services, analysis of agricultural and environmental legislative issues and coordination of the Department's regulation development and assessment and legislation development, analysis and tracking efforts. The Office assists the Commissioner's Office with the interpretation of the state standards for use value assessment of agricultural and horticultural lands requested by local tax assessment officials. The Office also assists the Commissioner's Office with the administration of the Agricultural Stewardship Act, natural disaster designation requests, and government and industry relation issues. The Office provides staff support to the Board of Agriculture and Consumer Services for its meetings and to the Department staff in coordinating requests for legal services from the Office of the Attorney General. The Office also assists the Department staff with responding to requests for records under the Freedom of Information Act. During FY 2004-2005 the Office accomplished the following:

Coordinated the agency's review, analysis and tracking of approximately 60 legislative bills and resolutions affecting the agency and its client groups, assuring the timely preparation of legislative action summaries and fiscal impact statements on these legislative proposals. Coordinated preparation of approximately 30 recommendations to the Governor on bills passed by the General Assembly.

Coordinated the pre-session development of two legislative proposals – weights and measures inspection and extended service contracts – that were submitted to the Secretary's Office to be considered for inclusion in the Governor's legislative package. Based on criteria from the Governor's Office, both proposals were approved for introduction in the 2005 General Assembly. The proposals were passed by the General Assembly and approved by the Governor.

Assisted the Secretary of Agriculture and Forestry during the legislative session by attending the Cabinet-level liaisons meetings to receive bill assignments for the Secretariat. Maintained a legislative tracking record for the Secretariat and prepared daily legislative reports to the Secretary.

Assisted the Commissioner's Office and the Office of the Secretary of Commerce and Trade in complying with the annual reporting requirements of Section 3.1-18.6 of the Code of Virginia concerning the protection of farm and forest lands.

Represented the agency on various interagency policy committees, task forces and technical committees. Examples of these include the Ground Water Protection Steering Committee, Nonpoint Source Advisory Committee, and the Interagency Migrant and Seasonal Farmworkers Policy Committee.

Represented the agency on the Commonwealth Preparedness Working Group of the Secure Virginia Initiative during the first half of the fiscal year. Served for the same period of time as staff to the Agriculture subpanel of the Working Group.

Assisted the Commissioner's Office in working with agricultural organizations and agencies in analyzing issues of importance to Virginia agriculture and in developing positions on critical

issues such as the Department of Conservation and Recreation's nutrient management regulations.

Served as the lead coordinator of the agency's participation on the Title 3.1 Recodification Work Group. The Work Group, which consists of agency staff and agriculture constituents, assists Division of Legislative Services staff in finalizing drafts that remove obsolete language from the agriculture laws prior to the drafts being presented to the Code Commission for approval.

Served on work groups for several studies requested by the members of the legislature including the growth and development of the equine industry in Virginia, production and use of biodiesel in the Commonwealth, and off-farm and on-farm sales of food products grown and processed on individual farms.

In cooperation with the Commissioner's Office, processed a request to the Governor from one Virginia locality for federal disaster designation during fiscal year 2004-2005. The request to the Governor was prompted because of excessive rainfall conditions that caused major crop losses in many Virginia localities.

Assisted the Commissioner's Office in preparing the report requested by the 2004 Appropriation Act on the agency's major performance goals and objectives.

Assisted the Commissioner's Office in coordinating the preparation of the Agency Strategic Plan and Service Area Plans in keeping with the guidelines set out by the Council on Virginia's Future and the requirements of the Department of Planning and Budget.

Assisted the Commissioner's Office in reporting on the agency performance measures located on the *Virginia Results* website. The performance measures are a combination of the measures associated with the budget and the measures from the Agency Head Executive Agreement.

Assisted the Commissioner's Office in coordinating the Secretary of the Commonwealth's annual update of the Board Profiles for the more than 20 collegial bodies associated with the agency.

Assisted the Commissioner's Office in reviewing the agency's annual reports required by the General Assembly including reports on consumer affairs activities, farmers markets, farmland preservation and farm and forest land protection.

Coordinated the agency's review and development of regulations under Executive Order Twenty-one (2002). Regulations relating to milk cooling, manufactured milk, pesticide registration, pesticide business license, pesticide applicator certification, and land use taxation were in process during this period.

As support to the Commissioner's Office, received and processed 38 official complaints under the Agricultural Stewardship Act (ASA) as well as approximately 75 inquiries regarding agricultural activities with possible water quality concerns. Conducted 29 official investigations, in some cases, with assistance of the local Soil and Water Conservation Districts in the conduct of the investigations.

Assisted farmers in the development of two stewardship plans to correct problems causing water quality degradation. Reviewed stewardship plans and made recommendations to the Commissioner regarding the disposition of cases. Successfully completed the implementation of 20 stewardship plans. Worked with Districts and farmers to follow up on various matters

related to the disposition of ASA cases. Conducted 26 ASA case reviews to insure compliance with the Act.

Assisted the Commissioner in preparing for and conducting five informal fact-finding conferences concerning non-compliance with the ASA and with the issuance of four corrective orders which required that the persons responsible for the farm operations covered by ASA plans bring their operations into compliance.

Provided to Soil and Water Conservation District directors, staff and other partner agencies a training course on ASA and related conservation and agricultural issues.

Assisted the Commissioner's Office in preparing an annual report of activities under the Agricultural Stewardship Act which was provided to the public.

Assisted the Commissioner's Office in drafting revised agency policies on regulation making.

Provided staff support to the Board of Agriculture and Consumer Services in holding three regular business meetings during the fiscal year.

COMMISSIONER'S OFFICE
EMERGENCY SERVICES MANAGER

The position of Emergency Services Manager was created in response to Executive Order 65 issued by Governor Warner in April 2004. The Order established Virginia's Emergency Operations Plan, which is the state's response to emergencies and disasters when assistance is needed by affected local governments in order to save lives; to protect public health, safety, and property; to restore essential services; and to enable and assist with economic recovery. An essential part of the Plan was the requirement that the head of each state agency designate a lead person to handle its work relating to Homeland Security activities and emergency services requirements. The Emergency Services Manager is responsible for coordinating with the Department of Emergency Management (VDEM) on emergency preparedness, response, and recovery issues; ensuring the preparation and maintenance of internal plans and procedures to fulfill the responsibilities designated in the Plan; coordinating appropriate training for agency personnel assigned to disaster operations; and assuring the State Coordinator of Emergency Management that preparedness plans for its facilities are coordinated with the applicable local emergency management agency.

Revised the agency Emergency Response Manual which contains 10 response plans.

Established goals for preparedness activities such as revision of plans, conducting training and exercises.

Established a quarterly monitoring system for preparedness activities such as revision of plans, conducting training and exercises.

Established VDACS emergency services funding requirements and identified potential funding sources.

Requested and received an extension and subsequently an alternate use of a Homeland Security grant.

Established a 2005 – 2007 VDACS Exercise Plan.

Arranged training to prepare VDACS employees to serve in the Virginia Emergency Operations Center.

- Operations Training
- Computer Action Tracking System

Arranged National Incident Management System training for 25 VDACS employees.

Assisted units with preparedness activities by reviewing and commenting on plans and participating in meetings to plan training and exercises.

Drafted, coordinated and submitted changes to two plans and one action checklist to Virginia Department of Emergency Management:

- Animal Care and Control
- Terrorism Consequence Management – Food and Agriculture
- Providing Food and Bottled Water to Disaster Victims

Participated in Virginia Emergency Response Team Exercise 2005, a major power outage exercise involving all seven Virginia Department of Emergency Management Regions.

Prepared a report on critical Virginia food and agriculture infrastructures.

Coordinated VDACS COOP with local emergency planners.

Reviewed Homeland Security funding and activities with representatives of JLARC.

Responded to several surveys from other states and the National Association of State Department of Agriculture evaluating the status of preparedness and seeking copies of response plans.

Participated in Office of Commonwealth Preparedness Strategic Planning.

Developed and monitored progress on the Secure Commonwealth Panel's Agribusiness Sub-Panel objectives and strategies.

Participated in planning sessions for the new Virginia Emergency Operations Center.

Met with representatives of Virginia State Police to identify the technical assistance VDACS can provide to the Fusion Center and the type of information that will be valuable to VDACS preparedness efforts.

Arranged training and orientation for five Virginia State Police agents recently hired to analyze open source and classified information in the Virginia Fusion Center.

Participated in the following panels, working groups and advisory groups:

- Secure Commonwealth Panel
- Commonwealth Preparedness Working Group
- Virginia Information Sharing Working Group
- Virginia Critical Infrastructure Protection Working Group
- Pandemic Influenza Advisory Group
- Smart Card Identification Working Group

Made presentations at the National Institute of Farm Safety and the Virginia Department of Emergency Management annual conferences.

Attended the Federal Bureau of Investigation's first International Agroterrorism Conference.

DIVISION OF ANIMAL AND FOOD INDUSTRY SERVICES

The Division administers food safety, animal health, and animal welfare laws and regulations to enhance food safety, reduce the impact of livestock and poultry diseases, and gain compliance with animal welfare requirements. The Division is comprised of four units: the Office of Dairy and Foods, the Office of Meat and Poultry Services, the Office of Laboratory Services, and the Office of Veterinary Services. During the year, the Division accomplished the following:

Conducted 14,622 food safety inspections and visits in 11,098 firms on file. Of these inspections, 404 were follow-up inspections that were conducted because of deficiencies noted. Collected 1,844 food and food related samples. Two hundred sixty seven (267) samples were nonconforming and required follow-up corrective actions. Received and investigated 722 consumer complaints alleging violations of the Virginia Food Laws and collected 21 service samples from consumers to enhance thoroughness of complaint investigations. A total of 577,985 pounds of foods were found to be adulterated during routine inspections or as the result of food related disasters. These foods were destroyed. Voluntary corrections were obtained for 19,349 pounds of miscellaneous foods, 62 pounds of apples and 1,074 dozen eggs.

Three hundred thirty seven (337) warning letters were sent to food establishments as a result of violations of the sanitation, adulteration and misbranding provisions of the Virginia Food Laws. Thirty four (34) field hearings were conducted for food establishments where voluntary compliance was not achieved following the issuance of warning letters. Six (6) administrative hearings were conducted for owners of food establishments to show cause why continuing serious violations of the Virginia Food Laws should not be referred to the Commonwealth's Attorney. Three (3) establishments were prosecuted as a result of serious sanitation violations of the Virginia Food Laws.

Published and distributed four quarterly newsletters designed to inform Virginia's food industry about current food security and food safety issues.

Ensured all milk supplies in Virginia maintained an Interstate Milk Shipper rating of 90 or better which allows Virginia milk to be shipped in interstate commerce. No milk borne illnesses were traced to facilities or vehicles under inspection by Dairy Services personnel.

Provided on-call services for follow-up testing of 11 loads of milk screened positive for animal drug residues at processing plants in Virginia. Collected and tested 65 tank load and producer samples requiring 12 separate trips to deliver samples to VDACS laboratories. Confirmation and screening testing resulted in 995,055 pounds of milk being withheld from markets in Virginia. This assured Virginia consumers access to a safe and wholesome milk supply.

Number of:	June 30, 2004	June 30, 2005
Grade "A" Dairy Farms	814	838
Milk Tank Trucks	305	305
Cheese/Butter/Powder Plants	16	17
Milk Haulers	422	434
Frozen Desserts Plants	93	93
Complaints Investigated	6	11

Conducted 2,250 inspections of Grade "A" dairy farms.

Collected 633 water supply samples, 9733 raw milk samples from Virginia Grade “A” dairy farms, and 860 tank truck samples to ensure compliance with Virginia’s regulatory standards.

Issued 93 warning notices and 44 suspension notices to Grade “A” dairy farms for violations of farm inspection requirements.

Issued 122 warning letters and 93 suspension letters to Grade “A” dairy farms for violations of milk quality standards.

Provided advice and assistance to 122 Grade “A” dairy farms issued warning letters for violations of milk quality standards. In addition, inspectors made 210 farm visits to review the construction of new dairy facilities and 281 farm visits to review new milking equipment installations.

Personnel in the five Regional Animal Health Laboratories (RAHL) maintained certifications that are required to perform testing for program diseases, export, and interstate commerce.

Conducted approximately 431,346 tests on an estimated 18,793 cases submitted by external and internal clients.

Referred an estimated 2,957 tests to outside laboratories for clients requiring services that could not be provided internally.

Examined at necropsy 2446 avians, 452 bovines, 191 equines, 70 ovines, 74 caprines, 38 porcines, 198 canines, 88 felines and 29 miscellaneous animals. The necropsy numbers in other species were comparable to previous years, with the exception of an increase in poultry necropsy numbers. This is due to submissions to the Harrisonburg RAHL from the new Virginia Poultry Growers Cooperative (VPGC), which began business during the current fiscal year. VPGC does not employ an on-site veterinarian, and have been heavily relying on the necropsy services available at the Harrisonburg RAHL.

Became a member of the new National Animal Health Laboratory Network (NAHLN), by virtue of the Avian Influenza and Exotic Newcastle Disease reverse transcriptase polymerase chain reaction (RT-PCR) testing performed at the Harrisonburg RAHL.

Hosted a visit from a three member team representing the American Association of Veterinary Laboratory Diagnosticians (AAVLD) Accreditation Committee who evaluated all aspects of laboratory operations and administration. Although the regional animal health laboratory system did not obtain AAVLD accreditation, the committee was impressed by the physical assets at the three new laboratories and the dedication of personnel. Recommendations made by the Accreditation Committee for improvement to the quality assurance program and some aspects of laboratory operation are currently being acted upon, with the goal of eventual accreditation.

Created the position of Quality Manager for the Office of Laboratory Services (OLS), to oversee the major revision and implementation of the Quality Assurance (QA) program.

Coordinated activities of the newly hired veterinary epidemiologist working for the Virginia Department of Health (VDH) on zoonotic diseases on the development of the Private Practitioner Portal and the sharing of information between VDACS, VDH and the Division of Consolidated Laboratory Services (DCLS).

Distributed a client survey to all veterinary clinics that had utilized the services of the RAHLs within the last 12 months. Responses and comments, which were received from over 50% of the surveyed clients, were overwhelmingly positive.

Collected a total of 65,697 Virginia Horse Industry Board Equine Infectious Anemia (EIA) surcharge fees, collecting \$98,545.50 for the Virginia Horse Industry Board. Of that total, 13,240 individual tests (representing \$19,860 in fees) were tabulated and assessed to private EIA testing laboratories on tests performed outside the regional animal health laboratory system.

Participated in United States Department of Agriculture (USDA) surveillance for Bovine Spongiform Encephalopathy. Submitted a total of 94 brain samples to the USDA for testing as part of the national surveillance program.

Cooperated for the fifth year with the Virginia Department of Health in testing equines for West Nile Disease and participating in the Interagency Arbovirus Taskforce. Tested a total of 133 equines for WNV at the Warrenton RAHL.

Worked with poultry and swine industry clients to add diagnostic tests to meet their needs. New tests added include H3N2 Swine Influenza serology (Ivor), Turkey Coronavirus PCR testing and Mycoplasma ELISA poultry serology (both in Harrisonburg).

Continued work on the development of the new Veterinary Laboratory Information Management System (VLMS) and the web-based animal disease reporting system for veterinary practitioners.

Ensured the safety of more than 107 million pounds of meat and poultry products with no food borne illness traced to product inspected by Office of Meat and Poultry Services (OMPS).

Official plants inspected numbered 60 at the start of the fiscal year and 56 at the end of the fiscal year. During the fiscal year, a total of 11,427 animals were slaughtered in official and custom exempt establishments with 46 animals condemned on ante mortem and 12 carcasses condemned on postmortem. Inspectors also condemned 2,785 pounds of product.

Sampled products produced in state plants for *Salmonella*, *Listeria monocytogenes*, and *E. coli* 0157:H7. The VDACS Laboratory Services continued to provide all microbiological testing for state inspected plants at considerable savings to the meat and poultry program. Requested 229 laboratory analyses on samples collected from official and custom exempt plants. Five (5) samples required follow-up action because they did not conform. Continued the program for state inspected establishments to meet the federally mandated Salmonella Performance Standards. All state inspected establishments processing ground beef products have met the standard. All state-inspected plants producing ready-to-eat products are sampled monthly.

To support the objective of assuring the public a safe, wholesome, unadulterated and properly labeled food supply, completed 2,429 planned and random surveillance reviews to assure compliance with program requirements.

Investigated and initiated letters of warning for 58 violations of associated meat and poultry laws and regulations. Issued 43 detentions of violative products.

Issued 116 meat and poultry product handler permits, 24 inedible handler/hauler permits and two (2) 4D livestock dealer permit

Over 150 contacts were made with private citizens and persons associated with industry and government to explain applicable meat and poultry laws and regulations and obtain voluntary compliance with same.

Continued to provide livestock and poultry disease control activities through monitoring the movement of animals, health certification status, and surveillance of assemblage areas throughout the Commonwealth.

Maintained the required level of surveillance and testing of Virginia cattle and swine to maintain the Tuberculosis Free status of the Commonwealth. Surveillance programs also satisfied USDA requirements to maintain Virginia's current Brucellosis Free status and Pseudorabies Free status.

The Office of Veterinary Services (OVS) cooperated with USDA in a Scrapie Flock Certification Program to combat scrapie in sheep and goats. A field veterinarian completed the required USDA training and was certified as a State Scrapie Epidemiologist. These activities enabled the state to continue its designation as a "consistent" state in regard to compliance with federal requirements.

Managed Cooperative Agreements from several sources to enhance homeland security, foreign animal disease surveillance and response, Johne's Disease control, Scrapie eradication and control, animal emergency management, foot and mouth disease monitoring through swine surveillance, Exotic Newcastle Disease control, Pseudorabies control, Brucellosis control and food safety. Supplies/equipment were purchased to enhance the Agency's ability to respond to threats to agricultural security.

Inspected 158 animal pounds and shelters in support of the Virginia Comprehensive Animal Laws. The newly created position of pound/shelter inspector was filled resulting in approximately 40% of the pounds and 10% of the shelters being inspected within 13 weeks. An extensive investigation was completed on the Chesterfield County Animal Shelter with no evidence to support compliance actions necessary by VDACS.

Regional personnel monitored 58 horse sales, 169 feeder calf sales, 59 cow/calf sales, 12 goat sales, 4 poultry and small animal sales, and 1,627 market inspections.

An animal identification system for Virginia was implemented as part of a National Animal Identification System. The Virginia Animal Identification Working Group met quarterly to oversee the implementation of the system. Federal funding was used to implement the first phase of the program, which is a voluntary premises identification program.

DIVISION OF CONSUMER PROTECTION

The Division administers assigned consumer and environmental protection laws and regulations to ensure safe, wholesome, unadulterated and truthfully labeled products are offered for sale to consumers. It protects the environment from pesticide misuse and protects plants from diseases and pests. In addition, consumers are protected against fraudulent, deceptive and illegal practices in order to reduce the incidence of economic crime while assisting in the resolution of product and service disputes and improving the ability of the consuming public to make informed decisions. Unfair competition between the regulated industries is prevented.

The Division is comprised of four units: the Office of Consumer Affairs (OCA), the Office of Pesticide Services (OPS), the Office of Plant & Pest Services, and the Office of Product and Industry Standards (OPIS). During the year, the division accomplished the following:

Division-wide initiatives

Developed, provided training, and continued to administer hazard communication plans in each division program so as to keep staff abreast of the hazardous properties of chemicals with which they may work and related safe handling procedures. Personal protective equipment issued to staff was reviewed to comport to the respective hazard communication plans.

Office of Consumer Affairs

Recovered \$2,153,629 in refunds and other values for consumers through the investigation of consumer complaints, voluntary settlements, and court judgments.

Initiated 48 significant reviews of regulated entities and 819 investigations of business entities to seek compliance with assigned consumer protection statutes.

Granted 5,591 registrations to regulated businesses, 9,029 registrations to individual sellers of legal services plans, and obtained \$3,145,000 in additional surety for the protection of consumers in the event that regulated businesses close or fail to perform contractual services.

Received, processed, and investigated or mediated 4,188 consumer complaints.

Registered 34,476 calls to the Consumer Protection HOTLINE or approximately 2,873 calls per month, with an average wait time per call of 17 seconds.

Responded to 477 Freedom of Information Act requests from citizens seeking information about charitable organizations, and from consumers requesting information about a business before making purchases or contracting for their services.

Office of Pesticide Services

Provided assistance to Virginia growers by submitting 16 requests for Section 18 Emergency Exemptions from registration to the Environmental Protection Agency (EPA). 14 requests were approved and two were pending as of June 30, 2005. Processed six Section 24 (c) requests, five of which were approved, and one was pending as of June 30, 2005.

Supported four applications for Experimental Use Permits.

Conducted 3,699 routine inspections at 2,116 individual sites throughout Virginia, and initiated

186 investigations of complaints, incidents and accidents at 68 individual sites.

Began utilizing handheld personal data assistants (PDAs), each equipped with a barcode reader, to more efficiently check the registration status of pesticide products in the marketplace. OPS leased 11 PDAs plus the proprietary operating software, from Kelly Solutions, Inc. for a two-year period. During the trial period, a number of software and hardware issues have surfaced that Kelly Solutions is attempting to resolve. Staff inspected over 225 retail locations and checked the registration status of almost 20,000 products using the PDAs.

Continued to administer a pesticide disposal program in the Commonwealth of Virginia for agricultural producers, pesticide dealers and pest control firms at no cost to them. The plan subdivided Virginia into five regions with a disposal program conducted in each region on an annual rotating basis. The collection methodology changed from making collections at individual farms to setting up a centralized collection site approach where participants would transport their unwanted pesticides for collection by the disposal contractor. Adoption of the Universal Waste Rule by the Virginia Department of Environmental Quality permits this type of collection methodology.

Certified 7,441 private applicators, 6,156 commercial applicators, and 4,989 registered technicians to apply pesticides within the Commonwealth. Licensed 2,129 pesticide businesses and registered 12,051 pesticide products.

Pesticide applicators continue to test through the Pesticide Knowledge Automated Testing System (PKATS) offered at the Division of Motor Vehicles (DMV) customer service centers throughout the Commonwealth. DMV began their transition to a new Windows-based testing system in April 2005, completing the first phase by June 30. Approximately 3,700 exams were administered through PKATS during FY2005. Private applicator use of PKATS remained low but increasing, at 7% of private applicator exams taken with an 80% pass rate.

Staff continued to work with our Cooperative Extension partners to provide pesticide applicators within the Commonwealth up-to-date training materials. Completed applicator training manuals for the categories of Agricultural Pest Control-Plant, Regulatory Pest Control and Wood Preservation & Treatment.

Renewed the contract with Telamon Corporation to provide for Worker Protection Standards (WPS) training by AmeriCorps volunteers. In addition, WPS training for government-sponsored Hispanic workers on tobacco farms continued to be provided through the Virginia Agricultural Growers Association.

Continued to make extensive use of the Electronic Document Management System (EDMS) which allows rapid review of documents and associated database files when providing information to clients via telephone. As of June 30, 2005, EDMS contained 193,743 indexed documents, and a total of 469,043 scanned pages.

In FY03, OPS allowed pesticide product registrants to submit labels in electronic format, either on CD-ROM discs or as attachments to e-mail notes. A program is now in place that will allow for product registrations to be renewed electronically through the Kelly Registration Systems, a partner with VITA. During FY05, a total of 67 registrants, 509 products, 369 renewed products, 16 new products, 74 canceled products, and 44 discontinued products were processed via Kelly Registration Systems.

Office of Plant & Pest Services

Issued 3,940 phytosanitary certificates to allow movement of lumber, logs, pine bark and hardwood mulch, plants, bulbs/rhizomes, apples, peanuts, cotton, soybeans, and seeds to numerous foreign countries.

Issued 236 Certificates of Heat Treatment to allow the export to China of mechanical and industrial parts packaged with conifer solid wood packing material.

Inspected and certified 686,000 vegetable transplants, including broccoli, cabbage, collards and tomatoes, for out-of-state shipment.

Monitored during planting, growing, and harvesting eight field trials in seven localities designed to test genetically modified cotton, corn, peanut, creeping bentgrass, and Kentucky bluegrass.

Approved one request for the shipment of transgenic seed not associated with any current field trials for shipment of transgenic tobacco to Prince William County.

Reviewed and approved 103 requests for the interstate shipment of plant pests for use in research and scientific projects being conducted in Virginia. Denied five other requests.

Protected Virginia's cotton crop by monitoring fields for the cotton boll weevil using 10,675 traps on 81,071 acres of cotton in Virginia. No weevils were detected.

Participated in the annual meeting of the Virginia Boll Weevil Eradication Foundation to gain increased grower involvement in the cooperative effort by VDACS, Virginia cotton growers, and other state and federal agencies in maintaining Virginia's boll weevil free status.

Provided financial support to the Virginia Cooperative Coyote Control Program which provides technical information to livestock producers and removes problematic coyotes to protect Virginia's livestock industry.

Inspected and registered 367 nurseries comprising 11,639 acres and 1,676 establishments selling retail nursery stock which were randomly inspected and certified so as to ensure the public of relatively pest-free nursery stock.

In conjunction with other members of the Virginia Soybean Rust Task Force, participated in the development of a Soybean Rust Action Plan to prepare for the eventual arrival of this disease in Virginia. This is a comprehensive plan that addresses public education, first detector training, plant sampling, laboratory analysis and confirmation, notification and response. The task force is comprised of individuals from Virginia Tech, VDACS, the U.S. Department of Agriculture/APHIS, Virginia Soybean Association, Virginia Soybean Board, Virginia Farm Bureau Federation, Virginia Crop Production Association, Colonial Farm Credit, and the USDA Risk Management Agency.

Successfully coordinated Virginia's Cooperative Agricultural Pest Survey (CAPS) Program utilizing federal grant funding to develop and initiate statewide homeland security surveys, diagnostics, and educational activities for designated exotic and invasive plants and plant pests. The CAPS steering committee is comprised of stakeholders from multiple agencies, including the Virginia Department of Forestry, Virginia Cooperative Extension Service, Virginia Nursery and Landscape Association, Virginia Tech, and USDA/APHIS/PPQ.

Continued to enhance VDACS' surveillance and rapid response capabilities for potential plant

pest bio-terrorism agents with the purchase and implementation of improved survey and communications equipment utilizing federal grant funding.

Developed a Virginia Plant Pest Emergency Action Plan to mitigate the impact of plant health emergencies resulting from the introduction of plant pests, diseases or other plant health issues that are caused by natural, accidental or intentional means which could threaten Virginia's agricultural, horticultural, and forest communities.

Enhanced the VDACS Plant Pathology Laboratory's diagnostic capabilities utilizing federal grant funding to purchase and install equipment and supplies needed to conduct DNA analysis of plant diseases. Because of these diagnostic capabilities and laboratory upgrades, USDA-APHIS initiated evaluation of the VDACS laboratory as one of only fourteen to receive certification to conduct DNA analyses for *P. ramorum* (Sudden Oak Death).

Cooperated with USDA/APHIS and the Fairfax County Urban Forest Program to conduct a follow up sentinel tree survey in the area of eradication of the Emerald Ash Borer, a project conducted in both 2003 and 2004. Follow-up surveys are continuing to monitor the success of the eradication effort.

Received training sponsored by the National Plant Diagnostic Network on survey protocols and identification of Pink Hibiscus Mealybug. The multi-state effort deals with the accidental shipment of infested nursery stock from Florida to 36 states, including Virginia, which is one of 11 states environmentally suitable for establishment of this pest.

Conducted a survey of a private pond in Strasburg, Virginia, which was found to be infested with Giant Salvinia, a highly invasive nuisance aquatic weed. Coordinated the selection of a contractor to perform the eradication, which will be conducted over a two-year period.

Cooperated with Virginia Tech and the Virginia Department of Forestry to conduct a survey of Virginia's horticulture and forestry industries for *Phytophthora ramorum* (*P. ramorum*), the causative agent of Sudden Oak Death disease. Inspected and sampled plants received at 33 Virginia nurseries and garden centers for potential infection, and 41 Lowe's garden centers that traced back to sudden oak death infected nurseries. Screened 956 samples at the VDACS Plant Pathology Lab, 93 of which screened positive. Of the 93 positive screens, one sample from a wholesale Virginia nursery was confirmed positive, which resulted in the destruction of 265 plants.

Created a Virginia Sudden Oak Death Task Force, comprised of members from VDACS, Virginia Department of Forestry, Virginia Tech, Virginia Cooperative Extension, Virginia Master Gardeners, and USDA-APHIS, to provide an organized and inclusive response to homeowner concerns regarding Sudden Oak Death.

Cooperated with USDA/APHIS/PPQ in implementing a national recall of hydrangea that originated in Japan and artificial Christmas trees from China, both of which were potentially infested with new exotic pests.

Maintained the Virginia Pine Shoot Beetle Quarantine to restrict and monitor the movement of pine products out of Clarke County in response to the discovery of this exotic pest of conifers during previous routine survey efforts. Maintained three Compliance Agreements with Clarke County establishments to ensure quarantine observance. In cooperation with USDA/APHIS and Virginia Tech, placed and monitored 91 pine shoot beetle traps at 25 sites in 11 northern Virginia counties with no additional beetles collected.

Cooperated with personnel from USDA-APHIS-PPQ to survey, identify, dig, and destroy 31 Orobanche minor plants at a previously infested site in Washington County. This infestation site was last fumigated with Methyl Bromide in 2002. No plants were detected during the 2003 site survey. The numerous, tiny seeds produced by this parasitic plant spread easily and can remain dormant for years until suitable conditions for germination occurs. The site will be surveyed again in 2005 and additional treatments will be conducted if warranted.

Surveyed 5,295 acres for the presence of the imported fire ant and treated 2,748 acres to eradicate this pest.

Conducted 25 Imported Fire Ant Quarantine violation inspections and provided USDA/APHIS with documentation and inspector statements necessary for the evaluation and processing of violations and assessment of civil penalties on seven potential violations.

Contacted and provided educational information to 119 Virginia nursery growers, dealers, and landscapers that import and export nursery plants to improve compliance with the Imported Fire Ant Quarantine.

Collected wheat samples from grain elevators and growers in ten Virginia localities for testing by USDA/APHIS for karnal bunt disease. No karnal bunt was detected, continuing to enhance the international marketability of Virginia-grown wheat.

Handled numerous calls from the public regarding the nuisance effects of high population levels of Asian lady beetles, 17-year cicadas, mosquitoes, deer flies, millipedes, earwigs, ants and spiders.

Provided educational exhibits, presentations, workshops and seminars at joint events with Virginia Cooperative Extension, local health departments, localities, the Virginia Nursery & Landscape Association, master gardener clubs, garden clubs, schools, beekeeper clubs, cotton grower associations, miscellaneous fairs, and homeowner associations.

Served on the Advisory Committee to the Virginia Invasive Species Council whose purpose is to develop an Invasive Species Management Plan and provide a common voice on Virginia invasive species issues. The Council was established by the 2003 General Assembly.

Inspected and certified 3,613 pounds of ginseng at an estimated value of \$903,300 harvested from 37 Virginia counties for export.

Completed the final year of a five-year monitoring program of ginseng plots in Virginia in cooperation with the US Fish & Wildlife Service, the US Geological Survey, and West Virginia University. Plots were monitored twice during the growing season for changes in population, berry maturity, and plant growth.

Reviewed 11 research, conservation or survey project proposals and approved five of them totaling \$20,000 for work on rare, threatened or endangered plant or insect species.

Received Recovery Land Acquisition Grant approval from the US Fish and Wildlife Service in the amount of \$183,974. The grant was obtained on behalf of the Department of Conservation and Recreation for the acquisition of Mitchell's satyr habitat in Floyd County.

Reviewed and provided comments on 151 environmental assessments and permit applications regarding VDACS responsibilities for the preservation of agricultural lands and the protection of listed endangered or threatened plant or insect species.

Received 143 responses from the Department of Conservation and Recreation for possible detrimental activity to endangered and threatened plant and insect species from proposed projects or activities. Under a Memorandum of Agreement with VDACS, DCR represents VDACS in its comments and recommendations regarding the potential impact of reviewed projects or activities on state-listed plant and insect species. VDACS is responsible for final determination of impact from such projects and activities.

Participated in 20 site evaluations, scoping meetings, and reviews coordinated by the State Corporation Commission to address potential impact to the environment by proposed projects and activities regulated by that agency. Issued 48 determinations on survey results for possible endangered and threatened plant and insect species associated with proposed projects or activities.

Continued to represent VDACS on the External Steering Committee for the Virginia Comprehensive Wildlife Conservation Plan which will identify species in greatest need of conservation and include strategies to identify priority research and survey efforts, conservation actions, monitoring of identified species and habitats, and review of plans every ten years.

Launched the Virginia Pollinator on the VDACS website. This is a web-based listing of beekeepers providing pollination services and farmers in need of honey bees for pollination of crops.

Inspected 2,286 apiary colonies for disease and overall health of the honey bees with control initiated or recommended to maintain adequate pollination for crops and to meet interstate movement requirements.

Diagnosed 52 apiary colonies with American foulbrood disease, a highly infectious and normally fatal bacterial disease of honey bees.

Identified 96 apiaries with confirmed infestations of the small hive beetle, *Aethina tumida*, a pest of honey bees. Measures to control the infestation of beetles through pesticide treatment and restrictions on hive movement were implemented.

Completed winter hive loss survey of beekeepers. Winter hive losses were 35% for the winter of 2003-2004.

Conducted a survey for pesticide resistance in honey bee mites. 39% of hives treated with Apistan displayed less than 70% control of *Varroa* mites. A similar reduction of control was found in 58% of hives treated with CheckMite+. Treatment with Apistan and CheckMite+ are the primary methods of pesticide control for *Varroa* mite populations in bee hives.

Participated in 43 beekeeping meetings, demonstrations, workshops, and fairs to promote beekeeping and proper management techniques.

Participated in the federal Gypsy Moth Suppression Program by utilizing federal grant money to process a request from Fairfax County for reimbursement of expenses associated with gypsy moth egg mass surveys. No gypsy moth suppression treatments were conducted in 2005 due to wet weather conditions that allowed the fungus *Entomophaga maimaiga* to naturally reduce gypsy moth populations.

Safely completed gypsy moth suppression treatments in nine localities totaling 113,550 acres as part of the Virginia Slow the Spread (STS) Project.

Employed and trained 19 private contractors who, along with currently employed VDACS personnel, placed and monitored 7,542 gypsy moth traps within Virginia's STS project action area, monitoring area, and non-infested areas across southern and southwest Virginia.

Surveyed 20 Christmas tree businesses in southwest Virginia to ensure compliance with the Virginia Gypsy Moth Quarantine resulting in the issuance of one violation notice for lack of proper documentation.

Conducted 80 transit inspections, 35 campground inspections, and issued 39 new compliance agreements with loggers, saw mills, trailer dealers, and nurseries to ensure compliance with the Gypsy Moth Quarantine and confirm no life stages of the gypsy moth were being transported into non-infested areas of Virginia and other states.

Office of Product & Industry Standards

Fifteen inspectors attended training as part of requirements to receive FDA credentials to perform Medicated Feed Mill and BSE inspections.

Twelve Inspectors attended training on check-weighing liquid products. The purpose of the training was to complete a market place survey of bottling facilities in the state. The products inspected included soft drinks, dairy products, juice and bottled water.

Conducted 37 inspections under a contract with the FDA for enforcement of the regulation banning the feeding of mammalian protein to ruminant animals. This effort is designed to prevent the introduction and spread of bovine spongiform encephalopathy in the U.S.

Completed contract with FDA by conducting 11 inspections of Virginia medicated animal feed mills for compliance with FDA Current Good Manufacturing Regulations.

Calibrated 2,667 radar tuning forks for local law enforcement agencies.

Conducting 7,107 calibrations of standards of mass, volume, length, and for industry and government.

Conducted 74,341 tests of weighing and measuring equipment and rejected 10,618 for inaccuracies.

Conducted verification inspections of 34,030 items using scanner systems, citing inaccuracies on 939 various items.

Verified the accurate weighing of 52,017 packages and 183 piles of tobacco.

Spent 2,109 man hours in the investigation of consumer complaints concerning inaccurate weights and measures or substandard motor fuel quality.

Maintained accreditation of the Metrology Laboratory under the National Voluntary Laboratory Accreditation Program from the National Institute of Standards and Technology.

Fulfilled all inspection specifications for Memoranda of Understanding with USDA. The agreement calls for the inspection and verification of accurate use of livestock auction markets' scales, burley tobacco warehouse scales, and grain export scales.

Collected \$7,640.00 in assessed penalties for 42 Violations of the Weights and Measures Law.

Analyzed 1,944 official seed samples and 2,136 service samples for industry. Official seed analysis resulted in the rejection of 214 lots. Penalty assessments amounted to \$9,994.05.

Collected for analysis 1,917 commercial feed samples and animal remedy samples. Analysis of samples revealed 133 samples in violation. Reviewed labels and registrations for 5,937 products. Penalty assessments totaled \$2,200.00.

Collected for analysis 1,082 samples of lime and fertilizer, reviewed labels and registrations for 494 products. Analysis of samples revealed 130 samples in violation, resulting in \$10,869.00 in penalties.

DIVISION OF MARKETING

In the global marketplace, the Division promotes and facilitates the profitable sale of agricultural products grown and/or processed in Virginia. It maximizes the return to the producer by locating the optimum market and assists the producer to prepare the products to compete successfully. The Division brings buyers and sellers together primarily through buyer visits, trade shows, production area tours and promotional events. It provides grading and inspection for commodities and facilitates the sale of quality livestock. It oversees the operation of the Virginia Farmers Market System and coordinates and assists in marketing, research and development activities for seventeen commodity boards. It administers the USDA Food Distribution Program to schools and other institutions. It provides agricultural information services featuring current commodity prices, statistics, trends and forecasts to enable producers to make appropriate economic decisions. The Division is comprised of the Offices of Commodity Services, Domestic Sales and Market Development, and International Marketing. During Fiscal Year 2005, the Division accomplished the following:

Made 160,064 marketing assistance contacts to promote sales of Virginia agricultural products. This includes 15,086 personal, telephone, or e-mail visits with potential buyers in more than 18 states, Canada, Mexico, Cuba and overseas; contacts with 106 buyers through tours of Virginia production areas; 5,123 buyers participating in Tel-O-Auctions, special sales and Comput-A-Auctions assisted by VDACS; 32,984 buyer/producer assistance requests handled; 260 buyer contacts with crop status and production information reports; 698 visits with retail store managers; 1,527 sales leads for Virginia agricultural products distributed to the agriculture industry; 88,077 requests for market information or assistance fulfilled; and 16,203 contacts at meetings, trade shows, expos and organized sales.

Enhanced marketability of \$1.784 billion worth of livestock, poultry, eggs, grains fruits, vegetables and peanuts through grading, inspection, and quality certification services.

- Added \$37.6 million to the value of livestock and poultry through marketing and grading programs.
- Graded 1.3 billion pounds of poultry products with a graded value of more than \$1.2 billion.
- Marketed 237,571 head of livestock, with an estimated value of \$157.5 million, and added over \$9.5 million to the value of livestock for those producers who participated in organized marketing activities, compared with livestock sold through other means.
- Inspected and weighed 23.5 million bushels of barley, soybeans and wheat for export and domestic sales. Total value of grain inspected was \$169,915,389.
- Provided grading and certification services that facilitated the movement of \$203.4 million of fruits, vegetables and peanuts through marketing channels. Volume inspected totaled 283,578 tons.

Gave presentations at the Northern Neck Vegetable Growers Association at the Annual Farmer's Market Manager's Meeting to update growers and managers on revisions to the Good Agricultural Program and Good Handling Program (GAP/GHP).

Staffed a VDACS exhibit at the Eastern Shore Agricultural Conference, the Virginia Grown Conference and the Virginia Dairymen's Association Conference. Conducted two GAP/GHP certifications audit to enable Virginia Apple Growers to participate in the USDA Commodity Procurement Program for Apples.

Conducted Terminal Market Training Classes for one major chain store retailer (Supervalu) and one wholesaler (Produce Source Partners) in the Richmond area. Conducted two formal classroom training classes for new inspectors for inspection of potatoes and apples. Hired, trained, assigned, and supervised 94 wage employees in 10 different job assignments/duties at approximately 50 locations for Farmers' Stock, Milled Peanut Inspection, Aflatoxin Lab, Filberts and Import Inspections.

Responded to approximately two hundred (200) phone inquiries requesting information and certification requirements of the National Organic Program.

Assisted in the marketing of 48,701 tons of Farmers' Stock peanuts by providing the necessary inspection and certification needed to meet the incoming quality requirements through our Inspection Program.

Maintained sampling and grading equipment at about 41 locations where Farmers' Stock Peanuts were being inspected, generating approximately \$43,072 in charges.

Assisted in the marketing of approximately 102,000,000 pounds of milled peanuts prepared for manufactures in a cleaned or shelled state. This was done by inspections and certifications that determine if lots of peanuts meet U.S. grades or not and if the lots meet or fail the out-going quality requirements for human consumption. Assisted in the marketing of 6,993,858 pounds (171 lots) of imported peanuts with inspections and certifications that are required to meet the out-going quality requirements for human consumption.

Provided Aflatoxin Laboratory Services for all of the peanut industry in Virginia, North Carolina and other locations where samples were shipped in for appeal inspection. We inspected and certified 4,365 lots of peanuts to determine the parts per billion of aflatoxin and out-going quality requirements necessary for marketing peanuts into the channels of human consumption.

Prepared and provided positive lot identification tags for all of industry in Virginia and some of North Carolina and sold the tags to industry for \$46,944.02

Assisted in the marketing of 72 container loads of Filbert nuts providing the inspection and certification for meeting the import requirements for Filberts. This service was provided to several different importers and custom brokers who are involved in importing the Filberts.

Provided the Virginia Poultry and Egg industry with efficient grading services by utilizing licensed qualified personnel. This allowed the industry to fulfill their contractual obligations requiring products to meet U. S. Grade standards or approved commercial and government specifications.

Administered the Shell Egg Surveillance Program relating to the Egg Products Inspection Act. Staff visited producer packers or grading stations quarterly assuring the shell eggs met all the requirements of the Egg Products Inspection Act and assuring that they take the required action when a violation was discovered. Required visits were made to hatcheries assuring proper disposal of hatchery waste as well as proper handling of hatchery culls being sold for potential use in the consumer market place.

Served as co-chairmen of the Poultry Federation's Youth Education Committee. As members of this committee, they assisted in organizing the Federation's Youth Convention that is held annually for 4-H and FFA youth. The convention is designed to introduce and attract youth to the poultry industry with hopes that they will enter the industry work force in the future. Staff conducted grading seminars for 4-H and FFA youth. These seminars raise the knowledge level

of these youth regarding poultry and egg grading and also prepare them for the Poultry Federation's Youth Judging Contest. Staff organized the Poultry Federation's Youth Poultry and Egg Judging Contest. The 4-H and FFA Organizations utilize this contest as their state contests with top scoring teams and individuals advancing to their respective national contests.

Participated in the planning and implementation of the National Egg Quality School. Staff members participated as faculty members of the school educating the attendees on various subjects relating to egg quality, safety and production. A staff member served on the National Egg Quality School Executive Board as Secretary of the organization.

Served as an ex-officio member of the Virginia Egg Council, providing information regarding grade standards, potential federal laws that could have an impact on the industry and assisted with securing volunteers for educational and promotional events.

Provided audit services to shell egg producers in Virginia for verification of the United Egg Producers Animal Care program. Three audits were completed with all the companies meeting the requirements of the program.

Distributed over \$31 million in federal funds and USDA donated foods to approximately 500 public and private entities participating in various USDA food assistance programs.

- Provided food assistance to 475,000 low-income households by distributing \$6,637,724 million of USDA donated food to Virginia food banks and charitable institution soup kitchens.
- Passed through \$951,407 in federal funds to deliver these foods to pantries and soup kitchens across Virginia.
- Provided \$24,243,071 million in food assistance to over 635,000 Virginia school children who participated in the National School Lunch Program.
- Provided \$83,949 in food assistance to over 130,000 Virginia children participating in summer camps and summer feeding programs.
- Provided \$254,000 in food assistance to state and local correctional facilities

Assisted Virginia producers and processors in fulfilling sales contracts with USDA's commodity food distribution program for \$12,990,444 million worth of chicken, turkey, fresh apples and applesauce.

Promoted opportunities for further processing of USDA donated food by providing technical assistance to 43 commercial food processors and school food service personnel in every school district in the state. Approximately 8.5 million pounds of fruits, meat, poultry, cheese, peanut butter, dry milk and vegetable oil (valued at \$8 million) were converted into value added foods that were more useful to schools.

Attended the School Nutrition Association of Virginia conference in March. The staff held an advance ECOS training class which was attended by Directors of Child Nutrition Programs. A booth was set up at the conference food show where staff offered Virginia Apples to all attendees. In addition to the ECOS advance training at the conference, staff has held training sessions through out the state, training about 100 new food service staff members from both public and private schools. Staff attended the ACDA (American Commodities Distribution Association) conference in Kansas City in April. Staff presented a power point presentation and a panel discussion along with two Virginia recipient agency personnel on 'ECOS for Recipient Agencies'. The session was well attended by State Agency Administrators as well as industry.

Added web site links to the Virginia and National Animal Identification Plans and added a lumber section to its web site links to provide marketing and pricing information to the lumber and timber industry. Also, added an organic section to its web site and added poultry reports to its web site, including Eastern Region Breaking Stock, Certified Organic Poultry and Eggs, and Graystone, PA Small Animal Auction to assist producers with marketing, pricing and production.

Reported new Ewing feeder cattle, Wythe County feeder cattle, and Culpeper slaughter cattle sale reports.

Assisted WSVW radio in Pennington Gap, Virginia in starting new agricultural radio broadcast using daily automated faxes from the Market News Reports Online Subscription Service (MNROSS) and expanded radio broadcasts of market reports on two Southwest Virginia stations, WMEV in Marion and WGAT in Gate City. Also, began new daily radio report in Southside Virginia on WSVS in Crewe.

Provided new information on its web site, including beef and slaughter cattle breeds and cuts, grading of feeder cattle, slaughter steers, cows, goats, swine and sheep; Livestock Mandatory Reports User Guide; updated auction contact information; wheat end-use research; Virginia Tech Forage Testing Lab, VASS crop weather and a new fruit and vegetable auction from New Jersey. Staff updated the web site Honey page and notified the American Honey Producers Association executive director of its availability.

Mailed 66,647 *Cattle & Crops*, 1,740 *Hay Clearing House*, 4,779 *Fruit & Vegetable Bulletin* and 2,215 *Retail Farmers' Markets* newsletters to industry. The first issue of *Retail Farmers' Markets* included three years of data listing price ranges and averages.

Distributed 89,671 crop and livestock reports by facsimile, email or mail to media and industry in- and out-of-state.

Attended the U.S.-Canada Potato Committee meeting in Washington, DC to discuss losses experienced by Virginia growers due to ministerial exemptions not being issued during the summer of 2004.

Met with Canadian potato processors and Canadian Potato Boards members in Toronto regarding Canadian ministerial exemptions. Office of the United States Trade Representative and International Trade Canada (ITC) negotiated in Ottawa and expect a future settlement that guarantees importation of a specific number of loads of US chipstock potatoes each year.

Completed the 2004 *Virginia Potato and Vegetable Review* of prices, shipments and varieties, and presented potato market outlook for growers at the Eastern Shore Agricultural Conference.

Presented potato market outlook for growers at the Eastern Shore Agricultural Conference and mailed over 400 flyers to industry announcing a winter bred ewe sale in Harrisonburg.

Compiled 10 years of livestock, fruit and vegetable price data for the Adjusted Gross Revenue Lite (AGR Lite) crop insurance program and compiled five years of Holstein steer price data for Pittsylvania County USDA-Farm Service Agency. Staff compiled five years of terminal market green bean prices for a grower to use to evaluate market opportunities for beans shipped to California

Led a tour of Eastern Shore vegetable production areas for USDA staff to address issues concerning the release of shipment data by Virginia tomato growers.

Compiled tomato price information for the Eastern Shore Agricultural Experiment Station for use in economic evaluations prepared a potato market outlook summary for the Southeastern Potato Committee meeting.

Published and distributed approximately 1,000 copies of the Virginia Aquaculture Industry Report. Published an enhanced full color version of the Virginia Commercial Grape Production Report that summarized acreage, production, and price by variety and county. Distributed approximately 3,000 copies of the 2003 Virginia Agricultural Statistics Bulletin and Resource Directory. The bulletin/directory includes state and county crop and livestock estimates for the crop year 2003 and features a listing of important agricultural contacts.

Conducted the Virginia Turfgrass Survey. Analysis and final summary is underway. A preliminary report is scheduled to be release in late august. The final publication will be available early 2007. The survey was last conducted in 1998 and published in May 2000.

Designed a "Virginia Agriculture Counts" activity and coloring book for kids. The book provides facts about Virginia agriculture through fun learning activities and coloring. Copies will be printed this fall for public distribution and use by Ag in the Classroom.

Attended and/or exhibited at the Virginia Corn and Soybean Expo, Virginia Winter Soybean Conference, Virginia Pork Industry Conference, NCOSAFP Conference, Virginia Tech Career Scope, Virginia Farm Bureau Convention, Virginia Agricultural Summit, The Agricultural Outlook Forum, the MANTS (Mid-Atlantic Nursery Trade Show) Conference in Baltimore, Virginia Farm Show, Virginia Grown Conference, VSU Agriculture Field Days, to increase awareness and understanding of our services to customers.

Co-sponsored and conducted Risk Management Workshops for Virginia's agriculture producers and agribusiness professionals to assist them in managing different types of risk. Partnered with Virginia Tech, Virginia State University, Virginia Farm Bureau Federation, and the Risk Management Agency of USDA in sponsoring and conducting these meetings. Staff secured a \$150,000 USDA grant to cover the costs of these meetings and education materials.

- Granted sponsorships to eleven Virginia Commodity boards to include risk management programming in their annual meetings,
- Approved seven program proposals for meetings to be conducted by Virginia Tech.
- Accepted twenty-five program proposals from the Virginia Farm Bureau to conduct risk management training.
- Conducted the Virginia Agriculture Summit in Roanoke.

Chaired AGR-Lite Task Force appointed by Commissioner. The task force is working on an adjusted gross revenue crop insurance policy for Virginia producers. Staff presented Agr-Lite proposals for Virginia to the USDA Federal Crop Insurance Board for preliminary approval. Staff conducted a crop survey to determine crops being produced in Virginia. Goal is to have AGR-Lite Crop Insurance available in Virginia for January 2006.

Offered seven grain grading workshops were given in Richmond with 25 participants. Six were for grain dealers and one was for the Virginia Tech crop judging team.

Manned exhibits at Virginia Corn and Soybean Expo held on the Eastern Shore.

Supplied guidance and leadership as President of the National Livestock Grading & Marketing Association for the past year. One of the duties of this office involved planning, coordinating, and hosting the annual conference and workshop. LMS staff conducted this event in April, in

Wytheville, VA, combining it with a Risk Management Seminar for local producers in cooperation with the Risk Management Agency, Virginia Farm Bureau, and the Division of Marketing. The combination of the two events allows LMS to bring in nationally recognized speakers for the benefit of both local producers and the NLGMA membership. LMS staff member, Richard Lloyd was re-elected as President for 05-06 and Lawson Roberts was elected as Secretary-Treasurer. Randall Updike was recognized with the Industry Service Award from the NLGMA for his support to the livestock industry both in Virginia and nationally.

Co-chaired a conference on Marketing Virginia Meat and Meat Products. Over 130 producers, extension agents, and agricultural officials attended the seminar from across Virginia and out of state. This conference was coordinated with Virginia Farm Bureau, USDA Risk Management, and Virginia Tech Extension.

Coordinated and implemented a training session for USDA Livestock Market News newly hired reporters, interns, and supervisors as well as LMS wage employees. The two day concentrated event included classroom training and on farm animal evaluation of feeder and slaughter cattle and sheep. USDA combined this hands-on training with seminars for their staff in the Washington, DC headquarters.

Implemented an international livestock trade mission to Turkey and Romania in coordination with the Office of International Marketing. This program to Turkey was conducted under a grant from the US Livestock Genetics Export Council. The program in Turkey included travel with a Virginia exporter and a Turkish company specializing in dairy equipment. Because of contacts made in Turkey, approximately 6000 straws of US dairy semen was sold and exported to dairy producers in Turkey. Follow up visits to previous contacts in Romania led to potential sales of Virginia soybeans. Contacts were made to government breeding centers and private companies and producers interested in US beef and dairy genetics.

Served on board of the Virginia Beef Expo, on the Exhibit and Trade Show committee and the Commercial Heifer and Sales committees, as well as being Master of Ceremonies on one day of the event. The Beef Expo continues to be one of the premier livestock events in the Eastern U.S.

Planned, coordinated, and manned a trade show booth at the NCBA annual convention and trade show in San Antonio, TX, promoting Virginia feeder cattle to the over 5000 participants. This booth was part of a three booth section shared with USDA's Market News, and Ag. Statistics sections. Staff felt being with USDA helped with recognition and traffic. We will continue to be grouped with them again in Feb 06 at the convention in Denver, CO.

Continues to work very closely with the Virginia Cattlemen's Association in all aspects of the marketing of feeder cattle for Virginia producers. These activities include developing and printing promotional material for the field Tel-O-Auction sales, contacting prospective buyers with sale information (20 - 40 buyers per sale), working with local and the state cattlemen's association in conducting both buyer and producer tours, coordinating, developing, and manning a booth at the VCA annual convention promoting our cooperative programs, and making the annual report to the Virginia Cattle Feeders Association about those activities.

Served on the 2005 Central Virginia Beef Education Field Day and Sale planning committee.

- Suggested bringing feeder cattle buyers to the farm tour, field day, and sale mainly because many of the buyers (Pennsylvania feeders) have never been to Radian, seen the state of the art facility, or knew it's location in the state.
- Assisted in developing the buyers list for mailing invitations.

- Promoted the event when contacting buyers with sale information, and took reservations from buyers for the event.

Worked with the Virginia Hereford Association in their coordination, evaluation, and marketing of their bulls that met the qualifications for the Virginia's Finest Hereford Bull Designation. Bulls that have met these qualifications have consistently sold for \$1,000.00 to \$3,000.00 than Hereford bulls that have not met the production and performance requirements for the Virginia's Finest designation.

Served as Program Manager of the Virginia Sheep Industry Board planning and coordinating meetings, processing paperwork, and coordinating promotional activities.

Planned and coordinated the Shenandoah Valley Bred Ewe and Club Lamb Sale, including contacting consignors, arranging sale activities and mailing promotional information to prospective buyers.

Developed, and distributed sale information to buyers and producers for the special lamb, sheep, and goat sales held during the year.

Notified producers of the dates of the ethnic holidays which normally create greater demand for Virginia lambs and goats.

Planned and coordinated three lamb promotional events reaching over 10,000 consumers.

Served as Technical Advisor to the Virginia Sheep Producers Association.

Provided information and assistance to the Highland Sheep and Wool Producers developing value added lamb and wool products.

Spoke at over 20 meetings on topics such as selection and evaluation of livestock, market updates and analyses, as well as the promotion of cooperative marketing programs sponsored by LMS.

Participated in buyer development tours for Ohio, Indiana, Kentucky, Illinois, and Pennsylvania to follow up feeder cattle marketed not only through the regular graded sales but also the Virginia Quality Assured feeder cattle program.

Assisted two cow-calf producers in setting up a synchronization and artificial insemination program. Also assisted in the selection of bulls to be used.

Domestic Sales and Market Development Annual Report

Increased sales opportunities for growers and buyer awareness of Virginia agricultural products by initiating, coordinating, and implementing 30 production area tours and grower visits to buyers. Included in the tours were buyers from major companies such as Wal-Mart, Food Lion and SuperValu as well as four Canadian wholesalers. Potential vegetable, fruit, and nursery buyers throughout the United States and Canada visited Virginia's production areas evaluating usage of modern technology, harvesting operations, and packing facilities. Virginia growers were also taken to corporate purchasing locations in several states to visit with buyers, view purchasing warehouses, and evaluate retail stores. Activities enhanced business relationships with major retail and wholesale buyers as well as increased new sales opportunities. Initiated meetings for three growers with the Wal-Mart buyer in Bedford, PA and the Produce Director of Giant Eagle Supermarkets in Pittsburgh resulting in more than \$850,000 in new sales.

Answered 2,817 producer and food processor requests for sales leads, marketing assistance, and VDACS services resulting in an increase for potential sales, development of marketing programs, and Agency visibility. Distributed marketing information and discussed potential sales opportunities resulting from requests to participate in 455 industry related meetings throughout Virginia. Answered 1,461 informational requests from government entities, universities, media, and consumers.

Distributed 1,151 viable sales leads to vegetable, fruit, seafood, nursery, and specialty food companies resulting from 1,434 visits with buyers, merchandisers, and corporate executives throughout 17 states and Canada.

Assisted in coordinating and executing a production area tour for 14 Cochran Delegates from Romania. The group was interested in learning more about feed ingredients for poultry rations and how Virginia may be able to supply them with feed and seed to supply local producers in Romania. They were also introduced to Hullless Barley and the nutritional value of that product. In addition, Montague Farms may sell the group some soybeans to be used in soy protein products. The group visited the Foundation Seed Farm, Lloyd Mundie's Farm, and Montague Farms.

Completed the first full year of activities funded by a USDA FSMIP (Federal-State Market Improvement Program) grant, through the Virginia Green Industry Council (VGIC). Domestic Sales and Market Development staff serves as an advisor and leader for this project. The program provided \$29,500 to VGIC to achieve several goals and projects. Projects included consumer oriented surveys, presentations to other nursery organizations regarding their membership to VGIC, promotion of the "Go Green" campaign, development of a consumer brochure, and a monthly newspaper column. The Virginia nursery industry has grown to more than \$180 million in sales annually.

Evaluated design work and implementation of marketing guidelines for the sale of plants as part of the Virginia Nursery and Landscape Association's Plant Introduction Program. With the initial group of plants already placed at test sites around the state, a logo, product name, and estimated income being generated from this program are currently being studied. Domestic Sales and Market Development staff also assists the Virginia Nursery and Landscape Association with their exhibits at the Penn Allied Nursery Trade Show and the Middle Atlantic Nursery Trade Show. Virginia growers are promoted, sales leads are collected and industry trends and activities are discussed.

Provided administrative assistance to the Virginia Apple Growers Association, Virginia Apple Board, and the industry. Domestic Sales and Market Development staff attended and spoke at orchard meetings and fruit schools, attended the US Apple Outlook Conference, served on the Board of *US Apple Export Council*, assisted with the legislative effort to re-establish an apple assessment, supervised the TASC grant on "Exporting Apples to Mexico" including writing the TASC grant interim and final reports, provided support for the Mexican inspector in Virginia, and served as liaison between the growers and the Mexican Department of Agriculture. Traveled to Mexico City and Guadalajara representing Virginia apple exporters, visiting eleven retail and wholesale buyers resulting in new sales opportunities. Worked with the *US Apple Export Council* to coordinate and plan a reverse trade mission for buyers from Mexico and Central America. Four buyers visited six apple and peach growers interested in supplying product for export.

Served as program director to the Virginia Cotton Board and as liaison for the state cotton industry with the National Cotton Council, Southern Southeastern Cotton, Cotton Incorporated

State Support Group, the Virginia Cotton Growers, and Cotton Incorporated to further enhance and promote Virginia Cotton on the behalf of Virginia growers. Planned a cotton industry meeting with Dr. Carl Anderson, one of the leading cotton marketing experts in the country, conducting two six hour workshops for cotton producers on futures and options, how to evaluate the market, and available resources to make better marketing decisions. The meeting and workshops were well received by cotton growers.

Served on several peanut task force committees to evaluate adding value to Virginia peanuts as marketing strategies to help Virginia producers remain viable. Domestic Sales and Market Development staff also worked with the Virginia Peanut Growers Association on new complimentary peanut bags that are distributed during special functions. Many of the complimentary bags which now include the Virginia's Finest trademark are sent to congressional offices in Washington, DC as well as events that promote Virginia products.

Assisted three Economic Development Directors and County Administrators in establishing farmers markets in their locality by providing marketing tools, resources, knowledge, and assistance to vendors. The markets are in locations that will capture "tourist dollars" as tourists head to vacation and weekend destinations.

Initiated and coordinated two newspaper ads featuring Tidewater area strawberry grower's u-pick operations as well as the Virginia Grown trademark resulting in an increase in consumer awareness and traffic to local operations. Initiated discussions with local TV media resulting in \$9,200 of free TV advertising during three news segments. In addition, more than \$45,000 in free newspaper coverage/advertising ranging from color photos of fields and food items to recipes to the listing of grower locations was coordinated. The value of strawberries in the newspaper's coverage area was estimated at \$915,400 for the '05 crop year. Also initiated and coordinated several newspaper ads and articles featuring the Virginia Grown trademark, in Southeast Virginia, increasing consumer awareness and encouraging consumers to buy fresh, local produce as well as support their local farmers market. Newspaper circulation on the days the ads were placed was 250,000 copies with a readership of over 440,000.

Provided assistance to Northampton County for purchase of development rights ordinance. Domestic Sales and Market Development staff partnered with the Nature Conservancy and county officials to develop a ranking system that considered soil type, productivity, groundwater, and proximity to ag services. This was a result of work completed on the Conservation Corridor program. Also assisted area poultry processors and Northampton County farmers in assessing the interest in expanding broiler production.

Exhibited during the Southeast Produce Council's Retail and Foodservice Conference in Tampa, the Northeast Produce Council's Produce and Floral Expo in Boston and the Canadian Produce Marketing Association Trade Show in Toronto resulting in increased buyer visibility and potential sales opportunities for several Virginia fruit and vegetable growers. More than 18,000 buyers and industry personnel attended the trade shows.

Cooperated with Delaware and Maryland in the Shore to Store program, which encourages and promotes consumption of fresh Delmarva produce. More than 100 retail stores from Virginia, Maryland, and Delaware participate in the program by allowing local growers to deliver product directly to the stores. Assistance as well as financing was provided during the planning stages and implementation. Over two million dollars in sales resulted from the program.

Edited and assisted in the distribution of three editions of the Virginia Corn Connection newsletter distributed to approximately 850 agribusiness individuals.

Participated in the U.S. Grains Council International Marketing Conference in Mexico with Corn Executive Directors from more than 10 states. Reviewed how check off programs are being managed in other states and developed a network of sources for information resulting in an opportunity for Virginia to receive money from large corn producing states to promote corn and corn derivatives in Virginia. In addition, the program director now has working contacts in Russia, North Africa, Mexico, and China. Met with the CEO of the U.S. Grains Council to discuss the continuation of a grain export market development program out of the port of Norfolk.

Provided an industry tour to a Moroccan trade team visiting Virginia. The tour consisted of a visit to the Perdue export facility, a tour of the grain grading program, a visit to a country elevator, and to a highly successful grain farm. As a result, a million bushel vessel of Barley was exported to Morocco. Participated, with a group of 14 grain industry executives from across the U.S., on a 10 day trade study mission to Europe specifically the Netherlands, Belgium, Poland, and Switzerland. Domestic Sales and Market Development staff was able to gain a better understanding of the European Union Common Agriculture Policy, assess EU trade policy, explore the impact of the EU expansion, and visit European feed grain processors to evaluate opportunities and barriers to trade.

Developed and implemented an approximate 100 page Virginia Soybean Board Remittance Tracking & Disbursement program that, with imputation of remittance data, will automatically remit quarterly payments to the United Soybean Board and to other state soybean programs. In addition, the program tracks which remitters were late with their fees. This program may be adopted by other states around the nation.

Domestic Sales and Market Development staff worked with personnel within the International Marketing Office and Christmas tree industry to develop exporting opportunities to Mexico. A group effort resulted in a TASC grant award of \$226,460 to address trade barrier phyto-sanitary constraint issues. Assisted in conducting a trade mission for prospective Mexican buyers to visit Christmas tree farms in Grayson, Carroll and Floyd counties. Three wholesale companies and a large retail store chain were represented on the tour. The Christmas tree industry in Virginia is a thirty million dollar business.

Assisted Appalachian Sustainable Development Marketing Representative Jon Surber in organizing and obtaining buyers for two meetings to promote organic produce. The program included the Ukrop's produce director, a buyer from Baker Produce, and representatives from Food City. More than 20 growers attended the meetings in Gate City and Abingdon to discuss new sales opportunities.

Initiated a meeting with Kroger's Mid-Atlantic Produce Merchandiser and representatives of the farmers markets in Hillsville, Gate City, and Abingdon for the purpose of discussing the production and marketing intentions for each market. Kroger is very interested in increasing their produce sales from the markets and has requested their buying office in Vero Beach, Florida be contacted. The Mid-Atlantic Division of the Kroger Company purchases product for one hundred thirty-two retail stores.

Developed a color ad promoting Virginia's Finest products and www.shopvafinest.com that ran in Virginia Tourism Corporation's 2005 *Travel Guide*, their flagship publication. Leads generated from the ad totaled over 1,500 from December 2004 through April 2005 when VTC distributed this *Guide* through various shows in the northeast. In addition, a color ad promoting Virginia's Finest products and www.shopvafinest.com reached an estimated 2.7 million potential readers when it ran in a special "Travel Virginia" supplement inserted into the Sunday edition of the *New York Daily News*. Sponsored by the Virginia Tourism Corporation, this supplement

also included four weeks of banner ads on this newspaper's Web site, which gave additional exposure to Virginia's Finest.

Planned and implemented the 2005 Mid-Atlantic Direct Marketing Conference and Trade Show at the National Conference Center in Loudoun County. More than 300 attended the conference, which included a farm tour, workshop, educational sessions, and a trade show. Participated in three Direct Marketing Association Board of Directors meetings and served as chairperson of the Planning Committee for the 2006 Virginia Grown Conference. Developed a theme and logo for the conference and held one planning meeting to discuss the conference schedule and program.

Attended an Agritourism Conference in Kansas at the invitation of Jane Eckert of Eckert Agri-Marketing and well known agritourism expert.

Attended the first Southeastern Regional Agritourism Forum in Georgia to network with other state representatives and industry personnel regarding agritourism programs/issues and to share experiences from the Mid-Atlantic Direct Marketing Conference.

Updated, revised, and published the *2005-2006 Virginia Grown Guide to Pick-Your-Own and Select-Your-Own Farm Products*. The new guide contains 109 farms and markets across the state. Arranged for a press release on availability, as well as distribution to more than 300 libraries, Chambers of Commerce, tourist information centers, and Extension offices. Developed a Virginia Grown Passport Program, which was incorporated in the guide. Ninety-five of the 109 farms/markets listed in the new guide agreed to participate in the program.

Provided assistance to the Virginia Marine Products Board as a result of initiating meetings with ten of the major seafood suppliers in the Ontario Providence of Canada. Introduced the Marine Products Board marketing representative to major seafood buyers including two of the largest Canadian retailers: Sobey's and Loblaw. New sales opportunities have increased for several Virginia seafood companies.

Participated in a 2nd Equine Forum coordinated by the Virginia Thoroughbred Association. Forty people from various sectors of the industry around the state attended the all-day event which examined issues confronting the industry. The Equine Specialist also set up and staffed the VA Horse Industry Board booth at seven major events/trade shows throughout three states. Information provided or distributed at these shows reached more than 2,700 individuals.

Assisted with the logistics related to the printing and production of the *2005 VA Horse Industry Directory & Buyer's Guide*. Approximately 21,000 copies were printed and nearly all have been distributed. Also prepared articles for each of 12 issues of *The VA Horse Journal* as well as revised the Horse Board website text. Hits between January and June 2005 totaled over 55,600.

Provided assistance to the Virginia Horse Center and WSLS-TV in Roanoke to fund a 30-second commercial spot which promoted the Center & the Horse Board. The spot was aired during the height of the Summer Olympics to audiences in the Lynchburg, Lexington, and Roanoke areas.

The Equine Specialist spearheaded all efforts of the newly formed Equine Industry Study Task Force. This group, established by Senate Joint Resolution 57, called for members of the industry to further identify and make recommendations on the many issues affecting the economic development of the horse industry in Virginia. Also participated in several meetings of

the Virginia Horse Council's "working group" to study and research the possibility of an equine feed check off.

Moved over 2.08 million product units through the Virginia Farmers Market System during the 2004-harvest season. Two hundred eighty-four producers marketed product and/or used market services at a gross value of over \$23.05 million. The markets served 5,854 acres and the system distributed products to 55 brokers and 463 major retail store and institutional buyers. Completed the fifth legislatively required Virginia Farmers Market System Plan and Report for four committees of the House and Senate under legislation approved by the 2000 General Assembly.

Participated, for the fifth year with the Department for the Aging and six Area Agencies on Aging, in jointly submitting a grant request to USDA for a Senior Farmers' Market Nutrition Program implemented in four rural and one metro area. Virginia received a grant in the amount of \$393,700 to provide locally grown fresh fruits, vegetables, and cut herbs to 9,874 eligible participants in the program, who are 60 or over with an income level at or below 175% of the poverty level. This project provides the opportunity for low-income elderly to purchase fresh produce, an increase in sales at existing farmers' markets and roadside stands, and encouragement for additional farmers to participate in roadside stand or farmers' market marketing opportunities. Approximately 110 vendors are participating in the program.

Implemented a WIC (Women, Infants and Children) FMNP (Farmers Market Nutrition Program) as a pilot program in seven Virginia Department of Health Districts. For the second year, USDA Food and Nutrition Service awarded Virginia \$387,952 and Virginia's Office of the Secretary of Health and Human Resources obtained a match of \$166,952 for the pilot program. Certified farmer-vendors, on the basis of USDA approved criteria, to sell at 16 retail farmers' market locations in Fairfax County, Arlington County, Williamsburg, Newport News, Chesapeake, Virginia Beach and Norfolk. Sixty-three retail farmers market and road side stand marketers are participating.

Surveyed white table dining institutions throughout the Tidewater area to determine product usage, quantity, and preferred method of delivery. Chef's expressed an interest in buying directly from growers. The feedback is being used to link interested producers with buyers. Several growers have been selected to participate in the "direct from the farm to the restaurant" pilot program and Domestic Sales and Market Development staff is working with them to ensure acceptability, success, and expansion of this opportunity.

Reduced board operating costs and increased efficiency by providing administrative support to 17 agricultural commodity boards and managing support to 14. Support included operational policy and procedures, planning and coordination of board meetings, monitoring industry issues as well as board appointments, and coordinating research grant activity. Commodity boards manage approximately \$3 million of producer funds.

Continued to provide technical assistance and guidance to the Virginia Tobacco Indemnification and Community Revitalization Commission (Phase I) and the Virginia Tobacco Trust Certification Board (Phase II) in distributing payments to Virginia's flue-cured and burley tobacco producers and quota holders. Assistance provided to the Phase II Board included conducting training for employees of Mellon Investor Services in Leonia, NJ, the company contracted by the Board to handle the processing of the payment claims. Staff, upon request, also provided training for call center employees of the National Tobacco Growers Settlement Trust in Springfield, Missouri.

Served as Secretary and participated in meetings of the Virginia Tobacco Working Group, an informal group made up of representatives of the Virginia Farm Bureau Federation, Virginia Tobacco Growers Association, Concerned Friends for Tobacco, Virginia Dark-Fired Tobacco Growers Marketing Association, and the Southwest Virginia Agricultural Association. The Working Group was formed to develop a united Virginia grower position on various issues affecting tobacco, particularly federal "tobacco buyout" legislation.

Participated as an invited speaker at ten tobacco informational meetings to review details of the legislation and its impact on Virginia tobacco producers and quota holders following the passage of federal legislation providing for a "tobacco buyout" and elimination of the federal tobacco production adjustment and price support program.

Coordinated and administered the Virginia Dark-Fired Tobacco Market Designation Program, whereby each dark-fired tobacco producer designates the amount of tobacco to be sold at a particular auction market or markets. This program provided for a more orderly and cost effective marketing system for the Virginia dark-fired tobacco industry.

Reached more than 33.5 million Virginia consumers during the Virginia Grown promotional period through a variety of media that included TV, billboard advertising, the Internet, newspapers, magazines, and radio remotes at farmers' markets. Coordinated by the Office of Domestic Sales and Market Development and the Office of Communication and Promotion, the promotion took place from May through October. During this period, visitors logging on to www.virginiagrown.com increased 52.6 percent compared to the previous year's promotion.

Conducted a promotion during the holiday season (Nov. and Dec.) to help increase selling opportunities for companies participating in the Virginia's Finest program. Through a combination of e-mail promotions, magazine advertising, program sponsorship on several PBS TV stations, and value-added exposure on the stations' Web sites, the promotion reached over a half million consumers.

Initiated and coordinated a seminar in the Tidewater area entitled "I Bought a Small Farm...What Do I Do Now?" for new and small landowners. Domestic Sales and Market Development staff as well as personnel from the Extension Service and Farm Service Agency presented the first program segment by describing services the offices could offer to growers and landowners. A segment pertaining to legal risks new landowners should consider included comments on pick your own operations, retail markets, and product liability.

Planned and implemented a meeting between the Wal-Mart Produce buyer from the Bedford, PA distribution center and members of the Virginia Pumpkin Growers Association for the purpose of obtaining a better understanding of Wal-Mart's purchasing requirements and increasing sales throughout the Mid-Atlantic. A DSD (Direct Store Delivery) program was also discussed in which several growers were interested. Assisted with developing a new web site for the association that is newspaper friendly resulting in expanded exposure.

Participated on a task force that has developed a procedure to deal with soybean rust in the event of an outbreak in Virginia. In addition, assisted the Secretary of Agriculture and Forestry in developing a plan for utilizing the \$50,000 that was allocated by the General Assembly for a rust monitoring program.

As Program Director for the Virginia Corn, Soybean, and Small Grains Boards, held 6 Board meetings in various locations around the state. Managed approximately 40 projects amounting for almost \$650,000 in expenditures. Less than one percent of check off revenues were used

for management of Board activities. Satisfied all the requirements of the United Soybean Board.

Cooperated with Virginia Tech Extension and the Association of Virginia Potato and Vegetable Growers in sponsoring the Eastern Shore Ag-Conference. Almost every farmer on the Eastern Shore attends this conference, where the latest in research, marketing and education are featured.

Represented Virginia fresh market green bean growers at a meeting with Risk Management officials in Engelhard, NC to discuss discrepancies in the present insurance program. Offered suggestions to correct the differences between the Virginia and Florida programs.

Assisted Eastern Shore farmers and a recycling company (Manner Resins) in locating and collecting over one million pounds of used ag plastic. Received a \$75,000 dollar grant to study ways to make the plastic more acceptable to the recycling industry. The collection and removal of plastic used for agricultural crops on the Eastern Shore is becoming a major concern due to limited capacity in land fills.

Developed and conducted a marketing seminar for the three farmers markets located in Southwestern Virginia. Strategies were presented based on their marketing and promotional plans. Discussions took place on topics including consumer purchasing patterns, niche markets, cooperative advertising opportunities, new sales opportunities and marketing products collectively.

Provided oversight and guidance to the Virginia Ag-Expo committee as the agenda for the Expo was developed. This event was held on the Eastern Shore of Virginia. Attendance was exceptional given the fact that it was the first time the event had been held on the Shore. Staff is planning to assist the committee with planning and implementing the '05 Expo.

Sponsored a Savor Virginia Pavilion at the Richmond Southern Women's Show, giving 14 Virginia producers an opportunity to sell their food, beverage and nursery products to hundreds of consumers. Many of the Virginia exhibitors expressed interest in doing the show again in 2006. The sponsorship package included radio spots in the Richmond market and exposure through their Web site.

Partnering with five commodity groups, co-sponsored a Savor Virginia presentation at the American Culinary Federation (ACF) Southeast Regional Conference in Roanoke. Chefs, foodservice directors and restaurateurs who attended the presentation experienced the richness of Virginia's diverse cuisine through recipes and educational commentary by Chef John Maxwell. Attendees received Savor Virginia tote bags filled with recipes and literature on sources of Virginia foods and wines. While there, Domestic Sales and Market Development staff made contacts with officers of several chef associations in Virginia that will benefit Virginia's food processors as well as producers.

Coordinated and conducted a Virginia's Finest reception at the Farm Bureau Annual Convention. Virginia's Finest foods, most of which were donated, were served and recipe cards and ordering information was distributed to the more than 400 in attendance.

Visited 696 retail stores throughout Virginia to place Virginia Grown and Virginia's Finest point of sale materials increasing consumer awareness and visibility of Virginia agricultural products. Also collected and distributed information on price, inventory, and product quality to producers increasing their awareness of competition.

Assisted the *Virginia Christmas Tree Growers Association* and the President of the *Association* with the Capital Holiday Tree project. Virginia provided the National Christmas Tree, along with 75 companion trees donated to Washington D.C. politicians and dignitaries. After the tree lighting ceremony, Virginia hosted a reception featuring *Virginia's Finest* products, increasing exposure for the participating companies.

Partnered with the Jamestown 2007 Commemoration planning group to coordinate and integrate Virginia food, beverage and agricultural products into the various activities and high profile promotions surrounding the Jamestown 2007 anniversary. Promotional activities begin in May, 2006.

Office of International Marketing

Latin America & Caribbean

Strengthened VDACS' presence in Mexico by contracting with a Guadalajara-based firm, OMG International, to provide consulting and representation services to Virginia exporters. OMG assisted a Virginia wood company at a trade show at which several contracts were signed. The company has also begun promoting Virginia peanuts, Christmas trees and apples to new customers in the market.

Attended an International Trade Fair in Cuba in order to continue promoting Virginia apples, soybeans, cattle and processed foods. Meetings were held with Alimport representatives to discuss upcoming purchases. Sales of Virginia products to Cuba have continued since this time, averaging \$15 million/year, with a total of more than \$40 million since the lifting of the embargo for agricultural products in 2002.

Arranged meetings with buyers in the Dominican Republic and Jamaica to encourage the purchase of Virginia apples, corn and soybeans. Following the mission, \$2.5 million of Virginia soybean meal was sold to Jamaica.

Secured \$75,000 of funding for a second year under a USDA-TASC grant to support a Mexican, resident-inspector in Virginia as a requirement for exporting apples to Mexico. Without this funding, Virginia apple growers would be unable to continue exporting to this market.

As a result of a Mexican importers mission to Virginia in 2004, a Virginia producer of feed additives has developed continued business for their product. The exporter recently returned from a trip to Mexico where discussions focused on increased purchases throughout Mexico.

Continued with efforts to promote wood products sales to Mexico. Active participation by one Virginia company at the TecnoMueble trade show in Guadalajara in late June 2005 resulted in an immediate order for six loads of high-grade hardwood lumber. Prospects for additional business are good according to the participating company. Virginia exports of wood products to Mexico by Virginia companies were up for calendar year 2004. Exports from Virginia companies in 2003 of \$2.9 million were up to \$3.3 million in 2004, continuing the steady increase resulting from concentrated efforts to expand export opportunities for Virginia's high quality wood products, especially when considering hardwood lumber.

Continued with the Southern United States Trade Association (SUSTA) sponsored activity to promote Southern U.S. White Oak Logs, Barrels and Staves for Aging Fine Wines in Chile, Argentina and other Latin American markets. As follow-up to the first activity in 2004, which included organizing a mission to Mendoza, Argentina and Montevideo, Uruguay, the second year activity, planned for Chile has been approved with funding in the amount of \$17,940 having

been appropriated. Two barrel makers have committed to participate at the Vinitech trade show scheduled for July 14 – 16, 2005. A third year activity is being planned as a reverse trade mission to bring wine industry participants from Latin America to meet with cooperage companies in Virginia and Kentucky during the latter part of next year.

Helped coordinate a video conference and chef demonstration between the seafood industry and importers and chefs on Barbados. The Virginia Marine Products Board hosted this event on behalf of the Virginia seafood industry and Foreign Agricultural Service staff from the Caribbean Basin Office acted as host in Barbados. This was a coordinated effort between three different agencies.

Exhibited at Expo-Alimentos April 9-10, the largest food show in Latin America and the Caribbean held in Puerto Rico. Three Virginia companies also exhibited at the show. Puerto Rico has a population of 3.9 million people half of which live in San Juan. The GDP per capita is \$18,464 which makes it a viable market for export. Food consumption is \$5.6 Billion annually.

Made contact with a buyer/distributor in Puerto Rico who runs an environmental enzyme company during a video conference held in Puerto Rico on behalf of a Virginia company. The buyer expressed interest in representing other agricultural products from Virginia. Staff put him in touch with a mineral company that produces cat litter. The P.R. buyer confirmed yesterday that he was talking with that Virginia company and reiterated his interest in Virginia agricultural products.

Canada

Organized and maintained consistent pressure on the issue of Canadian Ministerial exemptions for potatoes over the past two years, resulting in the tabling of this proposal by the Canadians. A four-year rolling average will be calculated to determine market access for Virginia potatoes into Canada with a guaranteed Ministerial Exemption. This access will increase in subsequent years, with exemptions being automatically granted for all contracted potatoes in year three. The proposed agreement was approved by potato producers from across the U. S. This is a significant victory for mid-Atlantic (Virginia and North Carolina) potato growers, as the proposed agreement will, de facto, eliminate the barrier of ministerial exemptions by 2008, while increasing access to the market in 2006-07.

Europe

Hosted a Russian livestock buyers mission that resulted in the buyers requesting a pro forma invoice for the purchase of ten bulls and one thousand units of semen. Six Virginia dairy farms were selected to show registered Holstein bulls that met the Russian's criteria of high milk production, high butter fat and protein. In addition, a meeting was arranged at North American Breeders to demonstrate how they can assist with the export of dairy genetics.

Continued to assist Virginia apple growers in securing sales to Russia. Demand for apples continues to grow in the Russian market.

Hosted a Polish veterinary delegation that included the Acting Chief Veterinary Officer for Poland, responsible for implementing health protocols for imported animal products. Building a good relationship with this delegation is extremely useful as we look towards developing animal genetic export sales to Poland.

Secured USDA funding for the promotion of livestock genetics, which includes \$15,000 of Market Access Program funding (MAP) and \$38,000 from the Quality Samples Program (QSP).

The QSP funding will allow for the purchase of 40-50 Holstein embryos for shipment to Ukraine for the purpose of stimulating future sales. These embryos will be purchased directly from Virginia dairy farms.

Continued to assist Virginia companies in developing new business in Europe, even though market conditions become more difficult for international trade in this market. Determined that there is a strong competition between US hardwoods and European hardwoods. With help of contracted consultants continued to monitor the market for Virginia forest products in Europe. Much of the competition is regulated by the relative strength of the currencies (US dollar versus the Euro). The exchange rate fluctuations make the long term planning more difficult. Manufacturers from Eastern Europe are improving quality gradually so their price advantage may give them increasing market share. Determined that some European importers appreciate the broader species selection that can be offered from U. S. and Virginia exporters.

Hosted a team of lumber and log buyers from Italy. Visits were made to six different wood products exporting companies from West Point to Lynchburg during this mission. The Italians reported back that they were pleased with the visits and were able to do business. In 2004 Italian buyers imported \$31 million worth of wood products from Virginia companies.

Coordinated market information with several high value log exporters who have been relying on VDACS for market contacts in Spain. While market conditions in Spain for Virginia woods has been very competitive in recent months, Virginia companies have shipped \$26.3 million in wood products to that market in the past year. Other important European customers in 2004 for Virginia woods, in addition to Italy and Spain, were Germany (\$13.1 million), The UK (\$12.3 million), and Portugal (\$6.5 million). Among the many market development activities directed to the European market countries, a trade mission to the Interzum and Ligna 2005 trade shows in April/May 2005 were important in demonstrating to the European customer base that Virginia remains dedicated to their needs. A total of 43 good leads were collected from prospective customers from 23 different countries during this mission. These were shared with approximately 90 Virginia forest products exporting companies.

Established a working relationship with agricultural officials from Kent, England to explore mutual promotional activities surrounding the Jamestown 2007 events. Processed foods, biotechnology, equine genetics, agri-tourism and cooperation with the State Fair of Virginia are the opportunities that have arisen from this exchange.

Asia

Continuous follow-ups with a Malaysian food importer have resulted in repeat and increasing volume business for a Virginia peanut butter exporter.

Located new buyers in Hong Kong for Virginia harvested frozen sea scallops. Orders have been filled. Continuous growth is expected as major competitors - particularly Canada and Australia - are becoming less competitive. Developed repeat orders for high value yellow conch by maintaining good communication with Virginia exporters and Hong Kong importers.

Assisted a Chinese party to call on a Virginia-hardwood chips exporter. The objective is to export hardwood chips to China for paper/pulp manufacturing, panel production and possibly as a fuel material. This long term project will bring substantial economic benefits to the Virginia forestry industry and produce noticeable multiplier effects on the Virginia economy.

Assisted a Chinese agricultural development company to determine which Virginia agricultural products would fit its business profile. This Chinese company has strong connection in the logs/lumber area, but is interested in branching out into other agricultural products.

Attended the Food and Hotel China show to make contacts and to promote Virginia's seafood and processed foods. Also had meetings with Foreign Agricultural Service (FAS) officers stationed in China.

Assisted an Indian veneer producer in contacting Virginia logs suppliers. In addition to purchasing Virginia hardwood logs for slicing, this Indian contact is also interested in buying veneer sheets.

Worked with the SUSTA at the Busan Seafood Expo in Korea. Virginia companies' scallops, eel, monkfish and squid have generated positive interest from buyers. Trade leads were distributed through SUSTA.

Coordinated and participated in the U.S. Pavilion organized by the Hardwood States Export Group (HSEG) at the Interzum Guangzhou show. Staff produced both the bilingual HSEG show directory and a bilingual Virginia Exporters Directory.

Coordinated and manned the Virginia booth at the well attended WoodBuild Shanghai, to promote Virginia's primary and secondary forest product industries. In addition to domestic Chinese buyers, staff made contacts and received inquiries from Russia, Turkey (wood chips), Brazil (lumber). Trade leads generated at this and the above Interzum Guangzhou show were distributed to all Virginia contacts.

Worked in the Virginia Marine Seafood Board's booth at the Boston Seafood show. Made contact with a large number of Asian buyers. Provided briefings to booth visitors on what Virginia has to offer. Recruited a buyer from Hong Kong to fly direct to Boston to meet with his Virginia supplier at the show and assisted in the business meeting. Also assisted SUSTA in hosting a buyer mission from Korea to visit the Boston Seafood show.

Worked with personnel from the Virginia Institute of Marine Science in calling on seafood importers in Hong Kong. This initiative is to call on and educate importers regarding the specific merits of considering salmon-colored scallops from Virginia. Organized and distributed samples to clients contacted. Trial shipments have resulted from this initiative.

Attended the HOFEX show in Hong Kong to promote Virginia's processed food (cheesecake, shelf stable cheese spread).

Attended the Sino-US Dairy Development Seminar, to make contacts within the Chinese dairy industry for the benefit of Virginia's genetics exporter.

Assisted a Hong Kong importer on getting Virginia produced-processed foods (sauces, jams, roasted peanuts, and beverages) onto the shelf of a very upscale, gourmet grocery store in Hong Kong.

Attended the American Hardwood Export Council's (AHEC) Greater China and Southeast Asia Conference. This is a good venue to make contacts and promote Virginia's primary and secondary forestry industries.

Organized a U.S. Livestock Genetics Export Council funded trade mission to China. Determined that our competition, Australia and New Zealand is beginning to run short of live

cattle and the US may soon have an opportunity to squeeze back into this market. Met with many interested buyers of semen and embryos.

As a result of a new contact made at the Interzum Guangzhou show, was successful in getting this buyer to visit Virginia and called on our lumber exporters for purchasing discussions.

International marketing staff attended the FMI/Fancy Food Show in Chicago and met with several Virginia processed food companies that were in attendance. Following the show, VDACS hosted a buyers mission from China. Seven Virginia food companies gave presentations to the group and provided product for the buyers to sample. International marketing staff has already begun to assist several companies with following up with the team. Our Director Asia-Pacific Director will also be meeting with some of the mission members at the HOFEX show in Hong Kong this week.

Assisted in marketing activities that resulted in increased exports of wood products to China by 31.6% compared to the previous year. Virginia companies exported \$28.3 million in solid wood products during the 2004 calendar year. Took the lead role in coordinating the U.S. Pavilions organized by the Hardwood States Export Group (HSEG) at two trade shows in China. VDACS personnel acted as the coordinating effort for the HSEG - a group of international trade specialists that cooperatively work together among eight Appalachian hardwood states. The HSEG sponsored pavilions at the Interzum-Guangzhou show in southern China, and the WoodMac/Furnitec show in Shanghai during the third and fourth weeks of March 2005. This is the fourth time Virginia has participated at the show in Shanghai, and the second time as an organized event under the umbrella of the U.S. Pavilion. This is the first such event For the HSEG in Guangzhou.

Assisted companies on a one-on-one basis with export activities with other developing Asian markets. For example, received and referred trade leads from Vietnam where Virginia wood exports were \$4.7 million last year, and assisted a key log exporter with travel arrangements to products in Canada.

Attended a workshop held by The Office of Economic Development at Virginia Tech. They conducted outreach by hosting tours of selected research centers to showcase Virginia Tech's intellectual and faculty resources. The group visited the Terascale Cluster (supercomputer) project ranked eighth in the world.

Attended the Winter Fancy Food Show in San Francisco sponsored by the National Association for the Specialty Food Trade. There were over 280 international exhibiting companies from 25 countries. Over 15,000 buyers attended the specialty food trade show. There were several Virginia companies present who reported that the show had been positive for them and they had secured new business from contacts made.

Attended the Food Marketing Institute (FMI) in Chicago. This trade show has grown into five trade shows combined into one event comprised of smaller niche segments in the retail food industry. USDA utilizes FMI to bring in foreign trade missions and plan individual company/state visits around this U.S. trade event.

Attended a SUSTA sponsored project held at Nicholls State University in Louisiana. It involved a training course for Central European Chefs learning about southern regional cooking and food products from the SUSTA region.

Hand delivered Virginia seafood and Smithfield ham from Virginia for "DelMarVa Day" at the culinary school. The chefs received a lecture and hands on training utilizing Virginia food

products. OIM staff was able to speak with the chefs and gather contact information for future marketing events in Europe.

Identified several years ago a growing opportunity to export containerized grain from the port of Norfolk. Since that time, several companies have established operations in Virginia and are exporting wheat and soybeans. Staff assisted in introducing these companies to intermediaries that could assist in the origination, loading and delivery of grain. Staff also requested grant funds from USDA to develop a feasibility study of transporting and transfer grain to Norfolk for export.

Participated in the Hardwood States Export Group in developing a strategic work plan for upcoming activities. The VDACS Specialist is currently representing all states on the American Hardwood Export Council's Board of Directors. At the HSEG's semiannual meeting held at the High Point, NC Furniture Fair the group determine that it would continue to concentrate on efforts to market to China, but in addition the group will look at other markets, such as Vietnam and India.

Provided forest product trade leads and market information to Virginia exporters and industry contacts through the quarterly *Virginia Forest Export News* publication, direct mailings, regular email distributions, and hand delivery. Reports of business generated by these trade lead contacts are tracked by informal industry communications.

Participated in several Society of American Foresters (SAF) activities where marketing information was relayed to the grass-roots level of the forest products industry. A number of contacts were made with companies that are just breaking into export markets with primary and secondary forest products.

Participated in numerous industry-wide activities involving forest products businesses, including:

- Virginia Forest Products Association's 47th Annual Convention
- Virginia Forestry Association's Reforestation of Timberlands advisory committee
- Working Summit on Virginia Forest Industries
- Virginia Forest-Based Economic Development Council - and many more

Participated as an advisor to the Virginia Inland Port in Front Royal where log export activity continues to be good. Discussions about prospects for improving lumber exports from that facility are taking form and a private concern is making headway in making plans to handle lumber export prep service in addition to log processing services.

Contributed to a variety of activities involving forest products, many of them mentioned, but others not noted that might have helped to cause wood exports for 2004 to be up considerably when compared to 2003, by 14.25%. Virginia company exports totaled \$220.1 million for the year. This is an all time high for Virginia's solid wood exports. USDA reports export data for the first five months of 2005 at \$95.5 million, down about 3% from the same period last year, but well ahead of previous years. Virginia exports consist mostly of hardwood lumber, logs, and veneer. Local companies are exporting a lesser quantity of pine products. Some specialty products offer promise and efforts are being made to promote these as export products. These include tight cooperage products for wine and distilled spirits, cut Christmas trees, flooring and other specialty and dimension products, and horticultural products, among others.

Middle East and Near East

Developed new contacts in the Middle East through supporting a trade mission that met with buyers in the United Arab Emirates, Sri Lanka and Maldives. As a result of this mission, Virginia eggs were exported to the region.

Hosted a diplomatic delegation from various Middle Eastern and North African countries for an orientation day in Richmond to better acquaint them group about opportunities for purchasing Virginia agricultural and forest products. Many good contacts were made between VDACS staff and the delegation and follow up work as begun, especially with Egypt. A mission to Egypt was completed to consider how Virginia livestock producers could sell live cattle for cross-breeding purposes with the Egyptian local breed.