

# oppaga Justification Review



November 2001

Report No. 01-60

## Agricultural Development Program Met Standards, But Activities Should Become Financially Self-Supporting

### *at a glance*

The Agricultural Economic Development Program has met or exceeded most of the legislative performance standards in Fiscal Years 1999-00 and 2000-01.

The state farmers' markets system could improve its effectiveness and become self-sufficient by closing and/or combining several markets and implementing planned efficiency measures.

The Florida State Fair Authority should assume full responsibility for operating the Florida State Fair, which would eliminate the need for the department to provide approximately \$134,000 in support services. Alternatives for disposing of the state-owned fairgrounds will also need to be considered.

The program should increase the number of inbound agricultural shipments that are inspected, which would assist in the collection of additional tax revenues, by reducing the practice of diverting manpower from agricultural inspection stations to perform other assignments.

Developing an annual marketing plan and identifying the financial impact of major marketing campaigns can improve the program's economic development activities.

### Purpose

State law directs the Office of Program Policy Analysis and Government Accountability to complete a justification review of each state agency that is operating under a performance-based program budget. This report reviews the performance and identifies policy alternatives for the Agricultural Economic Development Program administered by the Department of Agriculture and Consumer Services. Appendix A summarizes our conclusions regarding each of the nine issue areas the law directs OPPAGA to consider in a program evaluation and justification review.

### Background

The mission of the Agricultural Economic Development Program is to assist Florida's farmers and agricultural industries with the promotion of agricultural products. As shown in Exhibit 1, the program is organized into six entities.

- The Division of Marketing and Development is responsible for stimulating, encouraging, and fostering the production and consumption of Florida-grown and produced agricultural products. The division also operates the state farmers' market system, which maintains 16 facilities where farmers can market their

agricultural products, and regulates agricultural fairs.

- The Division of Animal Industry protects the citizens and the animals of Florida by working to control and reduce the number of animals infected with or exposed to dangerous transmittable diseases such as tuberculosis and eastern equine infectious anemia. The division performs activities such as inspecting livestock on farms and ranches, identifying the health status of imported animals, and conducting animal-related diagnostic laboratory procedures.
- The Division of Fruit and Vegetables provides Florida fruit and vegetable industries with on-request inspections. These inspections certify the quality and/or the condition of produce being shipped in and out of the state.
- The Division of Plant Industry is responsible for protecting Florida's commercial and native plants from exotic pests and diseases. This is accomplished by conducting activities such as preventing the introduction and spread of plant pests and diseases by inspecting plant nurseries and plants being imported into the state. The division also conducts plant health export inspections of agricultural commodities upon grower request to certify that products to be shipped to

destinations outside of Florida are free of pests.

- The Division of Aquaculture works to reduce illnesses from the consumption of shellfish by inspecting shellfish processing plants and testing for dangerous pathogens in shellfish harvesting waters. The division is also responsible for ensuring aquaculturists acquire a certificate of registration and abide by a set of best management practices. In addition, the division serves as the coordinator for the development of aquaculture in the state.
- The program also operates 22 agricultural inspection stations located along the Suwannee and St. Mary's rivers, which form a natural boundary prior to entering Florida's agricultural production area. By inspecting highway shipments of agricultural, horticultural, and livestock commodities, these stations help prevent, control, and eradicate specific plant and animal pests and associated diseases. Station staff also collects bills of lading on trucks carrying certain types of cargo into Florida. This information is forwarded to the Department of Revenue to collect sales and uses taxes that would otherwise go uncollected.

## Exhibit 1

### The Agriculture Economic Development Program Is Organized into Six Entities

<b>Division of Fruit and Vegetables</b> <ul style="list-style-type: none"> <li>• Citrus inspection</li> <li>• Vegetable inspection</li> </ul>	<b>Agricultural Inspection Stations</b> <ul style="list-style-type: none"> <li>• Agricultural inspection</li> <li>• Bill of lading inspections</li> </ul>	<b>Division of Animal Industry</b> <ul style="list-style-type: none"> <li>• Animal Disease Control</li> <li>• Diagnostic Laboratories</li> </ul>
<b>Division of Marketing and Development</b> <ul style="list-style-type: none"> <li>• State Markets</li> <li>• Agricultural product promotion and information</li> <li>• Fair Regulation</li> </ul>	<b>Division of Aquaculture</b> <ul style="list-style-type: none"> <li>• Shellfish Disease Control</li> <li>• Aquaculture Development</li> </ul>	<b>Division of Plant Industry</b> <ul style="list-style-type: none"> <li>• Pest Identification Eradication and Control</li> <li>• Plant and Apiary inspections</li> <li>• Plant health export inspections</li> </ul>

Source: Department of Agriculture and Consumer Services.

In Fiscal Year 2001-02, the Legislature appropriated \$161.5 million and 1,254 staff positions to perform these services, as shown in Exhibit 2. Approximately \$76.4 million or 47% of the program funding is from general revenue. Various trust funds, including Contracts and Grants, Citrus Inspection and General Inspection provide the remaining \$85.1 million.

**Exhibit 2**  
**Fiscal Year 2001-02 Funding and Staff Position Appropriations for Each Program Entity**

Organizational Entity	Funding (in millions)	Staff Positions (FTEs)
Division of Marketing and Development	\$ 26,500,860	199
Division of Animal Industry	8,725,313	158
Division of Fruit and Vegetables	15,453,526	308
Division of Plant Industry	94,528,714	348
Division of Aquaculture	5,771,173	56
Agricultural Inspection Stations	10,543,805	185
<b>Program Total</b>	<b>\$161,523,391</b>	<b>1,254</b>

Source: Fiscal Year 2001-02 General Appropriations Act.

## Program Need

The services performed by the Agricultural Economic Development Program that are associated with ensuring a safe and wholesome supply of food are important because these services contribute to the health of Florida's citizens. These services positively affect the health of Florida's citizens because they help to prevent, control, and eradicate specific agricultural and animal pests and diseases that could potentially adversely affect public health.

In addition, the program performs activities that help to promote Florida's agricultural industry. These services provide a public benefit because they contribute to increased economic activity throughout the state. Exhibit 3 identifies the major activities performed by the program to provide each of these two primary services.

**Exhibit 3**  
**The Program Contributes to Public Health and Promotes Economic Development**

<b>Public Health Activities</b>	<ul style="list-style-type: none"> <li>• Animal and pest disease control functions help prevent, control, and eradicate various animal diseases such as tuberculosis that are contagious from animals to humans.</li> <li>• Aquaculture functions inspect shellfish processing plants for product wholesomeness and sample shellfish harvesting area waters for disease pathogens help prevent food contamination.</li> <li>• Agricultural inspection station functions examine highway shipments of agricultural goods to prevent communicable agricultural diseases from entering Florida.</li> </ul>
<b>Economic Development Activities</b>	<ul style="list-style-type: none"> <li>• Fruits and Vegetable Inspection and Enforcement functions determine the quality of fruits and vegetables harvested in Florida. This information is used to help determine what processors in Florida's \$1.6 billion citrus industry will pay growers for their fruit. Inspecting fruit and vegetable products also helps protect this \$1.7 billion industry by preventing inferior quality produce from entering markets.</li> <li>• Agricultural products marketing functions help create demand for Florida's agricultural, seafood, and aquacultural products by marketing these products domestically and abroad. The State Farmers' Markets can help farmers market their crops, but the need for these markets is declining due to changes in the agricultural industry.</li> <li>• Aquaculture functions, such as certifying aquaculturalists within Florida's \$77 million aquaculture industry on the use of best management practices and administering aquatic leases, can help promote these industries.</li> <li>• The agricultural inspection stations inspection of agricultural commodities helps ensure compliance with marketing orders and help the Department of Revenue to collect approximately \$11 million each year in sales and use taxes.</li> <li>• Animal pest and disease control functions including certifying animals for interstate movement, inspecting livestock markets, and analyzing laboratory samples for animal diseases helps maintain public health and protects Florida's \$1.7 billion livestock and poultry industry.</li> <li>• Regulatory inspections of commercial plant and honeybee industries helps to protect these industries from harmful exotic pests and diseases such as citrus canker and Mediterranean fruit fly.</li> </ul>

<sup>1</sup> Exhibit identifies only the Agricultural Economic Development Program's primary activities.

Source: Department of Agriculture and Consumer Services.

## Program Organization —

The Agricultural Economic Development Program is appropriately placed within the Department of Agriculture and Consumer Services. The program's placement is appropriate given the department's mission to assist Florida's farmers and agricultural industries with the production and promotion of products. Each of the 12 states we examined places such activities within a Department of Agriculture.<sup>1</sup>

## Privatization —

The program has contracted with private firms to perform a variety of activities in support of the program. Examples of these activities include

- repair and maintenance of mobile vehicles and other rolling stock;
- obtaining blood samples from cattle;
- re-inspection of nursery stock to help ensure that the plants are properly graded;
- fumigation of agricultural commodities;
- operation of a state livestock market; and
- continuing eradication of boll weevils.

Additionally, the Department of Agriculture and Consumer Services directs the operations of the Florida State Fair through a quasi-public entity, the Florida State Fair Authority. We discuss the need for the authority to become fully responsible for operating the state fair, on page 10.

The program's agricultural marketing activities work closely with private industry. Together, they seek to develop domestic and international markets, which create additional demand and produce new jobs and additional

tax revenue. State participation in these marketing activities may help small agribusinesses survive in this highly competitive industry.

## Program Performance —

As shown in Exhibit 4, the Agricultural Economic Development Program met or exceeded most of its key legislative performance outcome standards in Fiscal Years 1999-2000 and 2000-01. The inability of the program to meet all standards was primarily due to macroeconomic changes in the agricultural industry such as increased foreign competition that are outside of its control. (A complete listing of the program's legislative performance measures is shown in Appendix B.)

The program did not meet the standard for the amount of revenue generated by bills of lading transmitted to the Department of Revenue from agricultural inspection stations. In Fiscal Year 2000-01, the \$10.6 million collected in income from the bill of lading function fell \$4.8 million short of \$15.4 million expected. The program reported that the standard for this measure was not achieved primarily because of other competing priorities, which resulted in 27,840 man/hours of staff time being diverted to other assignments such as citrus canker and hog cholera eradication efforts, and support for the Florida State Fair.

In addition to the \$4.8 million shortfall, the program inspected fewer agricultural products entering the state than it would have if the agricultural inspection stations were fully staffed throughout the year. The program inspected 2.47 million vehicles at the agricultural inspection stations during Fiscal Year 2000-01, compared to the legislative performance standard that it inspect 2.57 million vehicles. Consequently, some agricultural and animal pests and diseases may have gone undetected and entered the state because of the diversion of program staff to other assignments.

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<sup>1</sup> We reviewed the organizational placement of agricultural economic development programs in Arizona, Alabama, Georgia, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Tennessee, Texas, Virginia, and West Virginia. While some of these states do not offer as many agriculture-related programs and services as does Florida, each locates such activities within a department of agriculture.

## Exhibit 4

## The Program Met or Exceeded Most of Its Legislative Outcome Performance Standards

	Fiscal Year 1999-00 Performance	Fiscal Year 2000-01 Performance	Standard	Reason for Not Meeting Standard
Florida agricultural products as a percentage of the national market	N/A	3.59%	3.70%	<b>Not met.</b> The program attributed failure to factors beyond its control such as severe cold weather, which damaged much of Florida's crops.
Dollar value of fruit and vegetables that are shipped to other states or countries that are subject to mandatory inspection	\$1,824,954,000	\$1,680,855,758	\$1,443,648,000	<b>Met standard</b>
Shellfish illness reported from Florida shellfish products per 100,000 meals served	N/A	0.008%	0.331%	<b>Met standard</b>
Amount of revenue generated by Bills of Lading transmitted to Department of Revenue from Agricultural Inspection Stations	N/A	\$10,562,899	\$15,352,000	<b>Not met.</b> The program attributes the \$4.8 million shortfall to its decision to deploy some agricultural inspection station staff to other details such as citrus canker, hog cholera, and the state fair.
Percentage of livestock and poultry infected with specific transmissible diseases for which monitoring, controlling and eradicating activities are established	0.00022%	0.00033%	0.00043%	<b>Met standard</b>
Percentage of newly-introduced pests and diseases prevented from infesting Florida plants to a level where eradication is biologically or economically unfeasible	90%	84.30%	80.80%	<b>Met standard</b>
Percentage of commercial citrus acres free of citrus canker	99.60%	99.60%	98.50%	<b>Met standard</b>

<sup>1</sup> This table does not represent a comprehensive list of all of the program's legislative measures. Appendix B identifies all of the program's legislative performance measures and the results for Fiscal Years 1999-00 and 2000-01. We determined that the measures identified in Exhibit 4 provided the best indication of the program's effectiveness.

Source: Department of Agriculture and Consumer Services.

### *Improvements to performance measures would enhance accountability*

While the current legislative performance measures provide useful information about the program, OPPAGA recommends that a new legislative measure be adopted to help ensure that all of the programs activities can be effectively evaluated. A new measure that identifies the percentage of marketing costs funded by the agricultural industry would provide a strong indication of the level of support that industry has for these program activities.

### *The validity and reliability of the program's performance data has not been established*

The department's inspector general is required to determine the validity of the measure and accuracy of the associated data for each legislative performance measure; however, this determination has not been completed for Fiscal Years 1999-00 and 2000-01 performance measures.<sup>2</sup> The inspector general has recently conducted training for program managers and required them to submit a self-assessment of each measure to identify those measures that lack sufficient controls and require more extensive review. Thirteen of the program's 60 measures that were evaluated by the inspector general were determined to have an overall

<sup>2</sup> Required by s. 20.055, *Florida Statutes*.

potential control risk. The inspector general plans to complete a review and make a determination for any program measure or data control system that appears to be problematic during Fiscal Year 2001-02.

## Options for Improvement —

*The farmers' market program can operate more effectively and become self-sufficient by closing three markets*

The mission of the state farmers' markets program is to assist in the marketing of farm products, by providing the information, leadership, and facilities necessary to move farm products from the farm to the consumer via a distributor, and to assure the consumer a better quality product at a reasonable price and a fair return to the producer. The Bureau of State Markets owns 14 wholesale produce markets and 2 livestock markets located

throughout Florida (see Exhibit 5).<sup>3</sup> These markets provide centralized facilities for processing, packaging, and shipping agricultural products. Markets offer facilities such as coolers, packing sheds, and office space and generally are active on a seasonal basis.

Changes in the agricultural industry since farmers' markets were first established have adversely affected performance of some markets. Appendix C shows that the percentage of farm acres in the service areas of many farmers' markets have experienced significant declines. Additionally, farmers now have alternative methods for marketing their products, such as shipping from the farm and direct marketing to consumers through roadside stands. Consequently, the markets currently have declining commodity sales, operating losses, and significant outstanding maintenance requirements.

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<sup>3</sup> The livestock market in Jay is inactive and is currently leased for oil production.

### Exhibit 5

#### The Program Owns 16 Farmers' Markets



Source: Department of Agriculture and Consumer Services.

To fill vacant space in the wholesale produce markets, some markets have resorted to leasing to non-agricultural tenants, including retail establishments.<sup>4</sup> Allowing retail establishments to lease space subsidized by taxpayers may not fulfill the intent of the program and may create unfair competition for local retail establishments that pay higher rates for facilities outside the farmers' market.

In assessing the self-sufficiency of the farmers' markets system, all costs associated with the operation of the program must be included. While the program reported in its annual report that farmers' markets generated \$50,073 more revenue than was expended, Exhibit 6 shows that when all costs, such as those associated with annual repairs and maintenance, are included, the system of farmers' markets experienced a loss of \$361,573. In addition, long-term costs for capital improvements should also be considered when assessing the self-sufficiency of the markets.

**Exhibit 6**  
**In Fiscal Year 1999-00, the Farmers' Markets**  
**System Operated at a Deficit of \$361,573**

Program Costs	Amount
Revenue Allocated to Markets	\$2,917,589
Operating Costs Allocated to Markets	(2,867,516)
<b>Net Operating Income</b>	<b>\$ 50,073</b>
Additional Revenue Allocated to Bureau	14,643
Additional Operating Costs Allocated to Bureau <sup>1</sup>	(41,867)
Repairs and Maintenance to Markets <sup>2</sup>	(384,422)
<b>Net Income (Loss)</b>	<b>\$ (361,573)</b>

<sup>1</sup> Does not include costs associated with administering promotional awards or division overhead.

<sup>2</sup> Does not include costs associated with major renovations.

Source: Florida Department of Agriculture and Consumer Services.

To help the farmers' market system achieve self-sufficiency, the program has identified operating efficiencies that will realize \$205,457, when implemented. In Fiscal Year 2001-02, the program increased lease rates for space at farmers' markets by 5%, which is expected to

<sup>4</sup> Although s. 570.07(18)(d), *F.S.*, allows any activity determined to be beneficial to the production or sale of agricultural products to lease space, OPPAGA believes that any retail establishment should be classified as a non-agricultural activity.

generate \$139,923 annually.<sup>5</sup> Reducing personnel costs at the Pompano market can save \$25,534. In addition, relocating the bureau's administrative offices to state-owned office space can save \$40,000 per year. However, these efficiency improvements are not enough to enable the program to be self-supporting.

To identify other cost-saving measures, OPPAGA conducted a review of the state's 14 wholesale produce markets and 2 livestock markets to identify markets that could be closed and/or combined with other markets, while continuing to effectively serve the needs of Florida's agricultural industry. Our evaluation considered

- the potential of a market to become self-sufficient, using criteria such as profits, commodity sales, and planned fixed capital outlay;
- whether there is sufficient industry support for the market, as evidenced by the percentage of space that is leased by non-agricultural producers and buyers, including retail establishments, and changes in the amount of farmland within each service area; and
- the proximity of other farmers' markets that could serve affected farmers.

Appendix C provides the results of this examination, which indicates that operations for the Bonifay, Sanford, and Starke farmers markets could be closed and either allowed to be taken over by local government or combined with another farmers' market. As shown in Exhibit 7, closing identified markets will save \$191,416 per year. The following discussion identifies the markets that we propose be considered for closing.

- **Bonifay.** This market has the lowest commodity sales, consistent operating losses, and a decline in farmland. In Fiscal Year 1999-00, gross commodity sales declined 79% and the market reported a net loss of \$36,903. The Gadsden market can serve the agricultural tenants currently

<sup>5</sup> The \$139,923 of additional revenue excludes anticipated revenue from the three markets we recommend be closed.

using the Bonifay market if leases are terminated with non-agricultural tenants. The market could also be taken over by the city of Bonifay. Closing this market will save the program \$55,703 in operating costs each year.

- **Sanford.** The Sanford market has experienced declining commodity sales, consistent operating losses, loss of farmland in its service area, and has significant capital improvement needs. In 1999-00, the market reported an operating loss of \$23,447 and gross commodity sales of only \$675,760. Due to radical changes in land use, the amount of farmland in the market's service area declined by 22% between 1987 and 1997, the highest of all farmers' markets. Consequently, considerable space has been leased to two retail establishments. In addition, these market facilities are in poor condition and will require \$5.7 million for capital improvements over the next five years. The Palatka market is currently expanding its facilities thereby creating additional capacity for agricultural tenants from Sanford. However, some of the \$5.7 million planned for capital improvements at the Sanford market would need to be used to make capital improvements at the Palatka market in order to accommodate all of Sanford's agricultural tenants. Local government could also be given the option of taking over the market. Closing this market can save \$134,447 annually.
- **Starke.** The market in Starke has low commodity sales and is located in close proximity of other farmers' markets. In Fiscal Year 1999-00, Starke reported gross commodity sales of \$386,109, second lowest in the state. Although this market is currently operating at a profit, 81% of its revenue is derived from two retail establishments, a farm supply store and retail produce stand. Farmers' markets in Palatka, Suwannee Valley, and Trenton are less than 65 miles away from Starke. This market could be combined with Suwannee Valley, a nearby market. However, some of the \$85,000 planned for capital

improvements at Starke would need to be used to make capital improvements at the Suwannee Valley market in order to accommodate all of Starke's agricultural tenants. Alternatively, the department could offer the market to local government.

#### **Exhibit 7**

#### **The Farmers' Markets System Could Achieve Self-Sufficiency by Closing Several Markets and Implementing Planned Efficiency Improvements**

<b>Program Cost Savings</b>	<b>Amount</b>
Fiscal Year 1999-00 Net Loss (from Exhibit 6)	<b>\$ (361,573)</b>
Savings from Market Closures <sup>1</sup>	191,416
Savings from Efficiency Improvements	205,457
<b>Resulting Net Income</b>	<b>\$ 35,300</b>

<sup>1</sup> Does not include Pompano.

Source: Florida Department of Agriculture and Consumer Services.

The farmers' market in Pompano does not serve local producers and thus should operate on its own. Currently, the market serves as a major wholesale shipping point for commodities grown in other areas of South Florida and for increasing quantities of imported products. The Pompano market reported an operating loss of \$40,122 during Fiscal Year 1999-00 and requires \$6.9 million for repairs and improvements. Although the program recently increased lease payments at all markets to help the farmers' market system achieve self-sufficiency, this increase will not allow the Pompano market to be self-supporting. Because this market does not meet the original intent of the farmers' market system, the program should increase Pompano's lease payments sufficiently to cover all of its operating costs and finance needed capital improvements. As an alternative, the city of Pompano could be allowed to take over this market, which would save the program an additional \$103,122 in operating costs each year.

***The program should reduce the practice of diverting manpower from agricultural inspection stations to perform other assignments***

The program performs inspections of agricultural products entering the state on roads and highways to help ensure that these products are free of disease and are safe to consume. This activity, which is performed at agricultural inspection stations, is important to the state because it contributes to the health of Florida's citizens.

However, the program has diverted substantial manpower from agricultural inspection stations to perform other assignments, such as providing services to the Florida State Fair and citrus canker eradication efforts. In Fiscal Year 2000-01, 28,000 man-hours were diverted from agricultural inspection stations to perform other assignments. As a result of these manpower diversions, the program did not meet its legislative performance standards, falling 99,235 shipments short of inspecting agricultural products being shipped into the state and \$4,789,101 short of collecting tax revenue.

To reduce the amount of manpower that is diverted from agricultural inspection stations, the program should take steps to identify other means of providing temporary services. As discussed later in this report, we believe that the program should discontinue providing security services to the Florida State Fair. The program diverted 435 person-hours from the inspection stations to the fair in 2001. For those assignments that are not predictable, such as citrus canker eradication, the program could divert personnel from its less important economic development activities (identified in Exhibit 3). These services could also be obtained from the private sector using funds appropriated for that activity, as in the case of citrus canker, or from special appropriations for emergency activities, as in the case of hurricane relief. The additional funds required from general revenue to fund these temporary services, will be offset by the increase in tax receipts from the bill of lading function if

agricultural inspection station resources are not diverted.

***The Florida State Fair should operate independently; alternatives for disposing of the state-owned fairgrounds should be evaluated***

In addition to the numerous county and regional fairs, a statewide fair is held each year in Tampa, Florida. The Florida State Fair Authority, which operates under the direction of the Department of Agriculture and Consumer Services, is responsible for holding the annual state fair. The state fair is held over a 12-day period and includes rides, games, exhibits, and other attractions. In 2001, 559,181 people attended the state fair.

The Florida Legislature created the Florida State Fair Authority (authority) in 1975. In 1995, the Legislature placed the authority under the supervision of the Commissioner of Agriculture because it was experiencing financial instability. However, the authority has worked to improve its financial status and has become more self-sufficient.

There is no longer a need for continued active program involvement in the operations of the state fair. In Fiscal Year 1999-00, the authority generated \$12,879,954 in revenue and \$11,912,019 in operating expenditures, resulting in an operating profit of \$967,935. Authority operations are financed primarily from revenues derived from the fair itself and non-fair events held on the state fairgrounds such as equestrian shows, agricultural, trade, and industrial exhibitions, concerts, banquets, and other public gatherings.

The Department of Agriculture and Consumer Services spends approximately \$134,400 annually for a variety of direct services such as marketing, law enforcement, information technology, and administrative assistance to the authority. However, the \$134,400 does not include salaries for the staff that provide these services.

While the department was heavily involved in supporting the fair when it was financially unstable, this is no longer necessary. The State

Fair Authority should now assume full responsibility for operating the event. This would enable the department to limit its involvement to the level of support it provides to other county and regional fairs. Thus, the department should continue to provide services such as health testing of displayed animals, but no longer should provide services such as administrative assistance and security.

Along with discontinuing state involvement in the operations of the fair, a decision will need to be made as to what should be done with the fairgrounds. This land, which is state-owned, is located on 293 acres of prime real estate in Tampa, Florida, and has been of interest to the private sector.<sup>6</sup> The authority has approved plans to make approximately \$12.6 million in capital improvements over the next five years.<sup>7</sup> Before such an investment is made, a decision as to if and how the Legislature wishes to dispose of the fairgrounds should be made. To assist the Legislature with this decision, the authority should evaluate the following options, as well as any other it deems viable, and report to the Legislature on the costs and benefits to the state and the authority that are associated with each.

- **Sell the fairgrounds.** One option is to sell the current fairground property and require the authority to relocate the state fair. As the cost to purchase or lease new land would make it difficult for the authority to operate the state fair profitably, the Legislature may wish to authorize that a portion of the proceeds from the sale of the current fairgrounds be provided to the authority to help relocate the state fair.
- **Donate the land.** The state could also donate the fairgrounds to the local government with the provision that the

authority be allowed to continue using the current facilities. This would help to ensure that the state fair continues to be self-supporting.

- **Share facilities.** The authority should also consider whether it would be cost-effective to share an existing or new fairgrounds with another county or regional fair. Two fairs that operate at different times of the year could feasibly share one facility. This would enable the two events to share the cost of obtaining a new fairgrounds site or improving the existing site.
- **Lease facilities.** The authority should also consider leasing facilities for the annual event, as does the Hillsborough County Fair.

*Establish marketing plans, identify marketing campaign fiscal impact to improve performance*

The marketing function within the Agricultural Economic Development Program is responsible for promoting and marketing Florida agricultural and seafood products. This function performs a variety of marketing activities including coordinating and attending trade shows, conducting retail promotional events, and compiling and distributing trade lead information. The function also coordinates the Florida Agricultural Promotional Campaign, a campaign that uses logos such as “Fresh from Florida” to enable consumers to easily identify Florida agricultural and seafood products.

The program should improve the performance of its economic development activities by establishing a comprehensive marketing plan each year that provides for an evaluation of the success of each major campaign. While the program does develop marketing plans for various efforts it undertakes over the year, it has not established overall strategies or critical objectives or a system to determine the extent to which those objectives are being attained. Failure to identify overall strategies and marketing priorities can result in the inefficient use of the state marketing resources. Poorly targeted efforts could be economically

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<sup>6</sup> In 1999, a private entity submitted a proposal to purchase this property, which has a current appraised value of \$19.7 million, and convert the fairgrounds into a shopping mall. The proposal included a provision for the relocation of the fairgrounds. However, the proposal was withdrawn prior to the state making a decision as to whether the land should be sold.

<sup>7</sup> Although the authority plans to fund these projects from fair revenues, the Legislature may be requested to provide general revenue if a shortfall occurs.

unsound or generate unintended side effects if promotions result in consumer behavior that is harmful to other products produced in Florida. OPPAGA recommended in January 1996 and again in January 1998 that the program develop a comprehensive annual marketing plan to guide its activities. However, the department was unable to provide evidence that this recommendation has been fully implemented.<sup>8, 9</sup>

A comprehensive marketing plan also should provide for the evaluation of the direct impact on product sales from each of its major marketing campaigns. Currently, the primary method used by the program to evaluate its marketing campaigns is to count “impressions.” Impressions are defined as the number of people who have seen a campaign message such as advertisement on a billboard. While repeated exposure to a marketing message can influence consumer purchasing decisions, the purpose of these activities is to increase the demand for a product and thus, increase the amount of revenue generated from product sales. Therefore, evaluating the direct impact on product sales provides a better indication of program effectiveness to the Legislature and other program stakeholders.

## Recommendations ———

The Agricultural Economic Development Program is effectively accomplishing its mission to maintain and enhance Florida agriculture in the national and international marketplace. However, the program should act to improve its performance and reduce taxpayer costs.

To help ensure program accountability, OPPAGA recommends that the program develop and the Legislature adopt a new performance measure to show the percentage

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<sup>8</sup> *Review of the Division of Marketing and Development Within the Department of Agriculture and Consumer Services, Report No. 95-29*, Office of Program Policy Analysis and Government Accountability, January 11, 1996.

<sup>9</sup> *Follow-up Report on the Division of Marketing and Development Within the Department of Agriculture and Consumer Services, Report No. 97-30*, Office of Program Policy Analysis and Government Accountability, January 1998.

of economic development costs funded by the agricultural industry.

To help the state farmers’ market system improve its effectiveness and achieve self-sufficiency, we recommend that several farmers’ markets be closed and/or combined with others and that planned efficiency improvements be implemented.

To ensure the best use of resources, we recommend that the program reduce the diversion of manpower from agricultural inspection stations to perform other assignments. This would help ensure that pests are not introduced into Florida through uninspected agricultural shipments and increase the amount of uncollected taxes recovered.

To reduce state costs, the Florida State Fair authority should become fully responsible for operating the Florida State Fair, and the department should cease providing special assistance services. This is now feasible as the authority has improved its financial management and the fair is now profitable. To assist the Legislature in its decision as to what should be done with the state-owned fairgrounds, the authority should evaluate viable options and report to the Legislature on the costs and benefits of each.

To improve the performance of its economic development activities, we recommend that the program develop a comprehensive marketing plan each year that provides for an evaluation of the success of each major campaign.

## Agency Response ———

The Commissioner of the Department of Agriculture and Consumer Services provided a written response to our preliminary and tentative findings and recommendations. The Commissioner’s written response is reprinted herein beginning on page 17. Where necessary and appropriate, OPPAGA director’s comments have been inserted in the response.

## Appendix A

# Statutory Requirements for Program Evaluation and Justification Review

Section 11.513(3), *Florida Statutes*, provides that OPPAGA program evaluation and justification reviews shall address nine issue areas. Our conclusions on these issues as they relate to the Department of Agriculture and Consumer Services' Forest and Resource Protection Program are summarized in Table A-1.

**Table A-1**  
**Summary of the Program Evaluation and Justification Review of the**  
**Agricultural Economic Development Program**

Issue	OPPAGA Conclusions
The identifiable cost of the program	The program was appropriated \$162 million and 1,254 FTEs for Fiscal Year 2001-02.
The specific purpose of the program, as well as the specific public benefit derived therefrom	The mission of the Agricultural Economic Development Program is assisting Florida's farmers and agricultural industries with the production and promotion of agricultural products.
The consequences of discontinuing the program	<p>The Agricultural Economic Development Program improves the health of Florida's citizens by helping ensure that food is safe and wholesome. The program also helps protect Florida residents from animal diseases like tuberculosis that can be transmitted from animals to humans. If these services were not performed, the result would be increases in human illnesses and a decrease in the quality of life of Florida's citizens.</p> <p>In addition to improving the health of Florida residents, the program also performs activities that help promote Florida's agricultural industry. These activities include the control and eradication of plant and animal diseases, quality control of fruits and vegetables being sold, encouraging the use of best aquaculture management practices, and the provision of facilities for the sale of agricultural products. Without these activities being performed, there would be a decrease in the state's economic activities.</p>
Determination as to public policy, which may include recommendations as to whether it would be sound public policy to continue or discontinue funding the program, either in whole or in part	The services performed by the Agricultural Economic Development Program that are associated with ensuring a safe and wholesome supply of food are important because these services contribute to the health of Florida's citizens. These services positively affect the health of Florida's citizens because they help to prevent, control, and eradicate specific agricultural and animal pests and diseases that could potentially adversely affect public health. In addition, the program performs activities that help to promote Florida's agriculture industry. These services provide a public benefit because they contribute to increased economic activity throughout the state. It is sound public policy to continue to fund these functions.
Progress towards achieving the outputs and outcomes associated with the program	The Agricultural Economic Program met most of its standards for Fiscal Years 1999-00 and 2000-01. A few performance standards were not met because of staffing problems or changes within the agricultural industry that are not entirely within the program's control.
An explanation of circumstances contributing to the state agency's ability to achieve, not achieve, or exceed its projected outputs and outcomes, as defined in s. 216.011, <i>F.S.</i> , associated with the program	Program performance is affected by macroeconomic changes in the agriculture industry and staffing problems. The performance of Florida agricultural products as a percentage of the national market is influenced by activities conducted by other states and nations as well as weather patterns. Changes in staffing levels can also influence program performance. For example, the department deployed agricultural inspection station staff to activities such as citrus canker, hog cholera, and the Florida State Fair. When this happens, the ability to inspect vehicles at agricultural inspection stations transporting agricultural commodities is reduced.

Issue	OPPAGA Conclusions
Whether the information reported pursuant to s. 216.031(5), <i>F.S.</i> , has relevance and utility for the evaluation of the program	The legislative performance measures do provide useful information about the program and how well it meets its purpose and carries out key functions. However, to more effectively evaluate the program's activities and help to improve operational efficiency, the Legislature should adopt a new measure that shows the percentage of economic development costs funded by the agricultural industry.
Whether state agency management has established control systems sufficient to ensure that performance data are maintained and supported by state agency records and accurately presented in state agency performance reports	The validity and reliability for the program's Fiscal Year 1999-00 performance data has not been established. The inspector general has recently completed an assessment of each measure to identify those that lack sufficient controls and require more extensive review. The inspector general plans to complete his review and make a determination for any program measure or data control system that appears to be problematic during Fiscal Year 2001-02.
Alternative courses of action that would result in administering the program more efficiently and effectively	<p>To improve the efficiency and effectiveness of program's activities, OPPAGA recommends that the alternative courses of action noted below be implemented.</p> <ul style="list-style-type: none"> <li>▪ To help improve the effectiveness and achieve self-sufficiency with its system of farmers' markets, the program should close several markets and implement planned efficiency measures.</li> <li>▪ The program should discontinue diverting manpower from agricultural inspection stations to perform other assignments.</li> <li>▪ The Florida State Fair should operate independently from the department. The authority should also assess options for the Legislature to consider in deciding what to do with the state-owned fairgrounds.</li> <li>▪ The program should develop a comprehensive marketing plan each year that provides for an evaluation of the success of each major campaign.</li> </ul>

## Appendix B

# Comparison of Performance Measures and Standards for Fiscal Years 1999-00 and 2000-01

Performance Measure	1999-00		2000-01	
	Standard	Performance	Standard	Performance
Florida agricultural products as a percent of the national market	N/A	N/A	3.70%	3.59%
Dollar value of fruit and vegetables that are shipped to other states or countries that are subject to mandatory inspection	\$1,443,648,000	\$1,824,954,000	\$1,443,648,000	\$1,680,855,750
Number of tons of fruits and vegetables inspected	13,781,717	14,088,228	13,781,717	13,240,608
Gate receipts value of agricultural and seafood products sold by Florida's agricultural industry, in dollars in calendar year	\$7,075,000,000	\$7,065,634,000	N/A	N/A
Total sales of agricultural and seafood products generated by tenants of state farmers' markets	\$194,189,444	\$212,717,564	\$202,206,000	\$213,366,300
Dollar value of federal commodities and recovered food distributed	\$52,142,213	60583904	\$50,246,102	\$80,630,535
Number of buyers reached with agricultural promotion campaign messages	2.02 billion	2.092 billion	1.73 billion	2.34 (modified)
Number of marketing assists provided to producers and businesses	96,319	99,175	96,319	106,997
Pounds of federal commodities and recovered food distributed	66,214,385	78,862,814	75,816,366	100,033,560
Number of leased square feet at state farmers' markets	N/A	N/A	1,592,536	1,969,480
Number of market pricing information assists provided to producers and businesses	N/A	N/A	16,500	20,032
Shellfish illness reported from Florida shellfish products per 100,000 meals served	N/A	N/A	0.331%	0.008%
Percent of shellfish and crab processing facilities in significant compliance with permit and food safety regulations	N/A	N/A	80%	82%
Number of shellfish processing plant inspections	N/A	N/A	700	494
Number of available acres of harvestable shellfish waters	N/A	N/A	973,321	1,103,782
Amount of revenue generated by bills of lading transmitted to the Department of Revenue from agricultural inspection stations	N/A	N/A	\$15,352,000	\$10,562,899
Number of bills of lading transmitted to the Department of Revenue from agricultural inspection stations	83,000	67,139	60,000	47,711
Number of vehicles inspected at agricultural inspections stations	N/A	N/A	12,266,564	10,235,513
Number of vehicles inspected at agricultural inspection stations transporting agricultural or regulated commodities	N/A	N/A	2,567,965	2,468,730
Number of animal site inspections performed	14,904	15,440	16,650	15,981
Number of animals tested/vaccinated	650,000 120,000	617,972 120,443	770,000	676,101
Number of animals covered by health certificates	815,000	858,953	930,000	822,551
Number of animal sites quarantined and monitored	315	320	N/A	N/A

Performance Measure	1999-00		2000-01	
	Standard	Performance	Standard	Performance
Number/percentage of livestock and poultry infected with specific transmissible diseases for which monitoring, controlling and eradicating activities are established	472 0.00083%	133 0.00022%	N/A	N/A
Percentage of livestock and poultry infected with specific transmissible diseases for which monitoring, controlling and eradicating activities are established	N/A	N/A	0.00043%	0.00033%
Number of animal-related diagnostic laboratory procedures performed	N/A	N/A	850,000	875,000
Number of animal permits processed	4,750	5,001	N/A	N/A
Number of/unit cost per animal-related diagnostic laboratory procedure performed	850,000 \$2.84	734,496 \$2.38	N/A	N/A
Number/percentage of newly-introduced pests and diseases prevented from infesting Florida plants to a level of which eradication is biologically or economically unfeasible	100 93.5%	171 90%	N/A	N/A
Percentage of newly-introduced pests and diseases prevented from infesting Florida plants to a level of which eradication is biologically or economically unfeasible	N/A	N/A	80.80%	84.30%
Number/ percentage of commercial citrus acres free of citrus canker	832,581 98.5%	829,275 99.6%	N/A	N/A
Percentage of commercial citrus acres free of citrus canker	N/A	N/A	98.50%	99.60%
Number of acres of commercial citrus monitored by the department, at the request of the grower, which are free of the Caribbean fruit fly	186,000 98%	184,020 99.8%	N/A	N/A
Number/percentage of exotic fruit fly outbreaks where eradication can occur without use of aerial treatments	2 100%	1 100%	N/A	N/A
Number of plant, fruit fly trap, and honeybee inspections performed	2,280,000	3,859,566	3,786,166	3,224,417
Number of commercial citrus acres surveyed for citrus canker	245,000	861,288	560,000	1,064,813
Number of exotic fruit fly traps serviced	36,729	28,964	N/A	N/A
Millions of sterile Mediterranean fruit flies released	7,800	3,412	3,412	2,596
Number of acres where plant pest and disease eradication or control efforts were undertaken	100,000	78,641	20,000	35,934
Number of shipments of plant products certified pest-free for export	25,000	21,408	N/A	N/A
Number of plant, soil, insect, and other organism samples processed for identification or diagnosis	650,000	638,306	407,000	501,098
Number of cartons of citrus certified as fly-free for export	N/A	N/A	10,014,270	10,560,115

Source: Department of Agriculture and Consumer Services.

## Appendix C

# State Farmers' Markets

OPPAGA conducted a review of the state's 14 wholesale produce markets and 2 livestock markets to identify markets that should be closed. Some of the data used for our evaluation of farmers' markets were profits over three years (Fiscal Years 1997-98 to Fiscal Year 1999-00), commodity sales over three years (Fiscal Years 1997-98 to Fiscal Year 1999-00), planned fixed capital outlay, agricultural use, and changes in the amount of farmland in each service area.

The table below provides the data used in our analysis for only the most recent year.

Market	Net Operating Profit/Loss FY 1999-00	Gross Commodity Sales FY 1999-00	Planned Fixed Capital Outlay FY 2002 to 2006	Percentage Change in Farm Acres in Service Area 1987 to 1997	Percentage Change in Gross Commodity Sales FY 1998-99 to 1999-00	Recommendation and Comment
Arcadia (livestock)	\$ 77,096	\$25,890,327	\$1,010,500	N/A	29%	<b>Continue</b> – This market is profitable and has high gross commodity sales.
<b>Bonifay</b>	<b>(36,903)</b>	<b>200,478</b>	<b>94,000</b>	<b>-11%</b>	<b>-79%</b>	<b>Close</b> – This market operates at a loss, has low gross commodity sales, and its tenants can be relocated to another market.
Florida City	259,187	31,139,583	210,000	2%	-31%	<b>Continue</b> - This market is profitable and has high gross commodity sales.
Fort Myers	(108,954)	6,045,021	2,069,500	3%	42%	<b>Continue</b> – Although this market has an operating loss, commodity sales are high, and there is no nearby market with space available for tenants to relocate.
Fort Pierce	(29,448)	24,596,485	2,015,000	-11%	108%	<b>Continue</b> - Although this market has an operating loss, commodity sales are high, and there is no nearby market with space available for tenants to relocate.
Gadsden	72,609	7,628,034	566,500	-12%	-19%	<b>Continue</b> – This market is profitable with space available for Bonifay tenants to relocate.
Immokalee	(22,399)	6,317,745	3,507,500	6%	-5%	<b>Continue</b> - Although this market has an operating loss, commodity sales are high, and there is no nearby market with space available for tenants to relocate.
Jay (livestock)	14,355	0	0	N/A	0%	This market is currently inactive.
Palatka	(84,781)	6,135,555	577,400	-7%	-44%	<b>Continue</b> - Although this market has an operating loss, commodity sales are high, and there is space available for

Market	Net Operating Profit/Loss FY 1999-00	Gross Commodity Sales FY 1999-00	Planned Fixed Capital Outlay FY 2002 to 2006	Percentage Change in Farm Acres in Service Area 1987 to 1997	Percentage Change in Gross Commodity Sales FY 1998-99 to 1999-00	Recommendation and Comment
						some tenants from the Sanford market to relocate.
Plant City	117,709	27,034,195	5,378,000	-6%	-16%	<b>Continue</b> - This market is profitable and has high gross commodity sales.
Pompano	(40,122)	36,447,256	6,940,000	5%	-34%	<b>Continue</b> – Conditional upon achieving an ongoing profit.
<b>Sanford</b>	<b>(23,447)</b>	<b>675,759</b>	<b>5,705,000</b>	<b>-22%</b>	<b>-79%</b>	<b>Close</b> - This market operates at a loss, has low gross commodity sales, significant capital improvement needs, and a decline in farm acreage. Tenants can be relocated to another market.
<b>Starke</b>	<b>15,734</b>	<b>386,109</b>	<b>85,000</b>	<b>1%</b>	<b>46%</b>	<b>Close</b> –This market has low commodity sales and tenants can be relocated to the Suwannee Valley market.
Suwannee Valley	(101,757)	2,497,319	364,000	-8%	-38%	<b>Continue</b> – Although this market has an operating loss, it has newer facilities, high gross commodity sales and space available for tenants from Starke to relocate.
Trenton	14,366	2,452,888	30,000	-11%	-54%	<b>Continue</b> – This market operates at a profit and has high gross commodity sales.
Wauchula	(75,776)	4,656,659	1,525,000	14%	34%	<b>Continue</b> - Although this market has an operating loss, commodity sales are high and there is no nearby market with space available for tenants to relocate.

<sup>1</sup> As of July 1, 2001.

Source: Department of Agriculture and Consumer Services and United States Department of Agriculture.



**Florida Department of Agriculture and Consumer Services**  
**CHARLES H. BRONSON, Commissioner**  
**The Capitol • Tallahassee, FL 32399-0800**

Please Respond to:

November 20, 2001

Mr. John W. Turcotte, Director  
Office of Program Policy Analysis  
and Government Accountability  
111 West Madison, Room 312  
Tallahassee, Florida 32399-1475

Dear Mr. Turcotte:

The following is my response to the preliminary findings and recommendations in your Justification Review of the Agricultural Economic Development Program, Department of Agriculture and Consumer Services.

Recommendation 1

To help ensure program accountability, OPPAGA recommends that the program develop and the Legislature adopt a new performance measure to show the percentage of economic development costs funded by the agricultural industry.

Response

The Department will work with the Office of Planning and Budgeting, Legislative staff, and OPPAGA on this issue. We are always working to improve the Department performance measures.

Recommendation 2

To help the state farmers' market system improve its effectiveness and achieve self-sufficiency, we recommend that several farmers' markets be closed and/or combined with others and that planned efficiency improvements be implemented.

Response

The Department generally concurs with the recommendation and we are currently developing business practices and management strategies to achieve the objective. The Division of Marketing and Development has already undertaken numerous steps to improve the efficiency of the farmer's market system. We will work with OPPAGA staff and the Legislature to continue to implement improvements in the system while continuing to serve and provide the facilities necessary to move farm products from the farm to the consumer via a distributor, and to assure the consumer a better quality product at a reasonable price and a fair return to the producer.



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**Florida Agriculture and Forest Products**  
\$ 53 Billion for Florida's Economy

Mr. John W. Turcotte  
November 20, 2001  
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Recommendation 3

To ensure the best use of resources, we recommend that the program reduce the diversion of manpower from agricultural inspection stations to perform other assignments. This would help ensure that pests are not introduced into Florida through uninspected agricultural shipments and increase the amount of uncollected taxes recovered.

Response

Of the man/hours assigned to duties other than the inspection stations, 97% were for the citrus canker emergency. This involved setting up enforceable quarantines and enforcing laws pursuant to Chapter 581, F.S. Special detail assignments, such as the citrus canker emergency, support the core mission of the Department and require law enforcement response to interdict and enforce specific Florida laws and administrative codes related to agriculture. Specifically, Section 570.073, F.S., provides for the authority of the Office of Agricultural Law Enforcement and its law enforcement activities relating to animals, animal products, poultry, aquaculture, citrus and plant materials. In addition to agricultural law enforcement duties, Agricultural Law Enforcement Officers, as members of Florida's Emergency Response Team under Chapter 252, F.S., participate in relief efforts ensuring that devastated areas receive adequate law enforcement protection during times of natural disasters.

Recommendation 4

To reduce state costs, the Florida State Fair authority should become fully responsible for operating the Florida State Fair, and the department should cease providing special assistance services. This is now feasible as the authority has improved its financial management and the fair is now profitable independently from the department. To assist the Legislature in its decision as to what should be done with the state-owned fairgrounds, the authority should evaluate viable options and report to the Legislature on the costs and benefits of each.

Response

The Department cost associated with continued oversight compared with the benefits of that administrative oversight is minimal. We have reduced the \$134,000 expenditures by \$80,000 as part of the current budget reduction exercise. The Fair Authority currently holds title to approximately 293 acres and the recommendation would require the Legislature to enact legislation to remove title from the Authority. It is anticipated to cost \$50-60 million to replace the current facilities. Therefore, the options to sell, lease, or share facilities are not viable. Finally, the Florida State Fair contributes approximately \$132 million in economic production to the State of Florida. Sundown Reviews by the Legislature in 1980 and 1982, found the Florida State Fair Authority was created to provide a "fair for the entire State," to promote agriculture, and preserve traditions, customs and scenes relative to rural society in Florida.

**OPPAGA Director's Comment**

***Section 616.262, Florida Statutes, states that current state fairground property may be sold upon approval of the Board of Trustees of the Internal Improvement Trust Fund. Therefore, we do not believe specific legislation is required for these lands to be sold.***

## *Justification Review*

Mr. John W. Turcotte  
November 20, 2001  
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### Recommendation 5

To improve the performance of its economic development activities, we recommend that the program develop a comprehensive marketing plan each year that provides for an evaluation of the success of each major campaign.

### Response

While the Division of Marketing and Development prepares annual plans in a variety of financial formats for its various clients, a comprehensive narrative plan will henceforth be prepared to clearly communicate and evaluate overall annual objectives. This annual plan will provide the needed flexibility to contend with shifting climatic conditions, wide-ranging crop yields and spontaneous events in the global marketplace. The Department concurs with OPPAGA's recommendation to evaluate the direct impact of product sales; however, this will require obtaining competitive intelligence from individual private businesses and legislative action to ensure confidentiality of such information.

I appreciate the efforts of your staff in helping us to improve the operations of state government.

Sincerely,

/s/

Charles H. Bronson  
Commissioner of Agriculture

CHB/ac

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OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

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John W. Turcotte, OPPAGA Director

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