## Presented options by **Further Description of Options Event** Jim Barbee, NDA March 19, 2015- OAC 1. After researching several state and private certifiers, Utah State 1. Raise fees to create emergency meeting to discuss appeared to have the most feasible fee structure, however this would self-sustaining program budgetary issues and potential still require a significant fee increase (nearly a double in costs for some options. Reference meeting operations). Some organic clients indicated that it would be cheaper to minutes from March 19, 2015 pursue private certifiers if a fee increase is established. 2. OAC and stakeholders 2. The time permitted for pursuing general fund by stakeholders would can seek out general create further budgetary hardships on other NDA programs. Jim fund to support program committed to providing program support until June 30, 2016 to allow stakeholders opportunity for determining which direction they would like to proceed. 3. Based on the current fee schedule and with current staff levels (1 full 3. OAC can assist with time program officer and 2 inspectors at 12.5%FTE), the program could increasing clients to a level only take an increase of 10-25 clients (depending on certification scopes) that would be feasible for before additional staff would be needed. Doubling the number of staff and sustain the clients would increase staffing needs therefore increasing personnel program budget projections. Incorporating an organic livestock program would require accreditation and training costs (estimated \$10,000). It is still vet to be determined whether there is enough interest to justify costs. 4. If NDA surrenders certification, operations will have 60 days from the 4. NDA can work with surrender date to apply for certification through a new certifier. organic clients in According to some clients, if NDA increased fees, it would be cheaper to transitioning to 3<sup>rd</sup> party pursue third party certification. In addition, Jim Barbee stressed the certifiers issue of NDA's fee structure currently being at a level that is outcompeting private businesses, which should not be a government **agency's role.** See attachments for a comparison of surrender date impacts on growers if this option is selected.

Response to options presented at the **Further Description of Options Event** 03/19/15 meeting by Kunall Patel A reasonable increase in NDA organic program fees to be on par with other State 1. A reasonable increase April 27, 2015- Emailed letter certifiers, would not be sufficient to fund the program per operating and revenue in NDA organic program from Kunall Patel, OAC Chair projections given by NDA, due to the combination of the high NDA operating expenses, fees to be on par with outlining OAC and number of existing clients as well as the client type mix. other State certifiers, recommendations for the would not be sufficient organic program to be further to fund the program discussed at the April 28, 2015 If an aggressive marketing model is established through private funding, diversified OAC meeting. For additional growth of client matrix, and proposed fee increase on par with other state certifiers, the information reference email entity would generate substantial profitability after just year 2 of operations. However, 1. Establish a private NV submitted by Kunall Patel April NDA clients may be unwilling to risk transitioning to this NV entity due to lack of based organic certifier 27, 2015 experience and uncertainty in business model, as well as the speculative nature of based on current client aggressive marketing efforts. For additional information regarding this response, review matrix and a lean document attached to the April 27, 2015 email from Kunall Patel. operating budget Soliciting General Funding appears most practical but requires the most time and effort. General fund monies would only defer the problem to the future, the OAC is not willing to lobby for additional general funds by themselves, particularly in light of poor timing of the disclosure by NDA, and the unwillingness, thus far, of the Department to Solicit General Funding participate alongside the OAC and stakeholders to actively seek the funds necessary to from the State address the shortfall. Collectively, the OAC realize that the Program will require general fund monies, and/or increase fees, and/or a subsidized operating budget from NDA for a long committed period of time, and possibly through a bill mandated in legislature to support the NV organics industry through aggressive lobbying. This is what OAC recommends. If all other options fail, NDA clients are faced with the dire task of transitioning to NDA clients transition to another certifier. Both options 2 and 4 would require substantial cost to some NDA another certifier clients, affecting NV businesses and NV consumers, and impacting the organics industry within the State, for lack of organic certification available from within the State.