

Approved: January 22, 2002
Date

MINUTES OF THE SENATE AGRICULTURE COMMITTEE.

The meeting was called to order by Chairperson Derek Schmidt at 8:30 a.m. on January 16, 2002 in Room 423-S of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research Department
 Gordon Self, Revisor of Statutes
 Betty Bomar, Secretary

Conferees appearing before the committee:
 Connie Fischer, Director, Agriculture Marketing Division
 Kansas Department of Commerce & Housing

Others attending: See attached list

Upon motion by Senator Morris, seconded by Senator Umbarger, the Minutes of the January 15, 2002 meeting were unanimously approved.

Connie Fischer, Director, Agriculture Marketing Division (Division), Kansas Department of Commerce & Housing introduced members of her staff and submitted The Final Report of Value Enhanced Marketing of Kansas Hard Winter Wheat to Mexico, (a copy is on file in the office of Legislative Research. Ms Fischer stated the Division's mission is to "help improve the economic conditions of Kansas agriculture producers while boosting the prosperity of rural communities."

Ms. Fisher stated the Division, in its fifth year of existence, utilized \$540,000 in grants to leverage \$33,702,418 in client sales and facilitated \$226,015 in export grants for four Kansas food companies through participation in the Mid-America International Agriculture Trade Council. The Division was awarded two USDA Rural Business Enterprise grants totaling \$47,500 which were used for the 2001 Value Added Conference and a feasibility study of small-scale dairy processing.

Ms. Fisher reviewed the projects in which the Division was involved: Value-Enhanced Marketing of Hard Red Winter Wheat to Kansas, Small Scale Dairy Processing Feasibility Study and the Trade Mission to Mexico. The Division provided \$511,185 in financing for nine Kansas business groups and assisted with the coordination of the Value-Added Opportunities in Agriculture Conference, and the Direct Meat Marketing Seminars. (Attachment 1)

The meeting concluded at 9:30 p.m.

The next meeting is scheduled for January 22, 2002.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 16, 2002

NAME	REPRESENTING
Doug Wareham	Kansas Grain & Feed Assn. Ks. Agribusiness Retailers Assn.
Mary Jane Stattelman	KGFA - KARA
Becki Rhoades	KDOC+H Ag Mktg Div.
Connie Fischer	//
Janna Dunbar	KDOC + H Ag Mktg. Division
Jerry Dudley	KDOC+H Ag Mkt. Div.
Ray Hammarlund	KDOC+H Ag Mkt Div.
Keith Bradshaw	Div of the Budget
KaeAnne Davis	KDOC+H
Justin Holstin	Propane Marketers Assn of KS
Jodd Johnson	Kansas Livestock Assn.
Megan Kelgore	KDOC+H
Diane DeBacker	Senator Umbarger - Inter
Leslie Kaufman	Ks Farm Bureau
GREG FOLZY	KDA

SENATE AGRICULTURE COMMITTEE

JANUARY 16, 2002

Presented by:
Connie Fischer, Director



KANSAS DEPARTMENT
of COMMERCE & HOUSING

AGRICULTURE PRODUCTS DEVELOPMENT

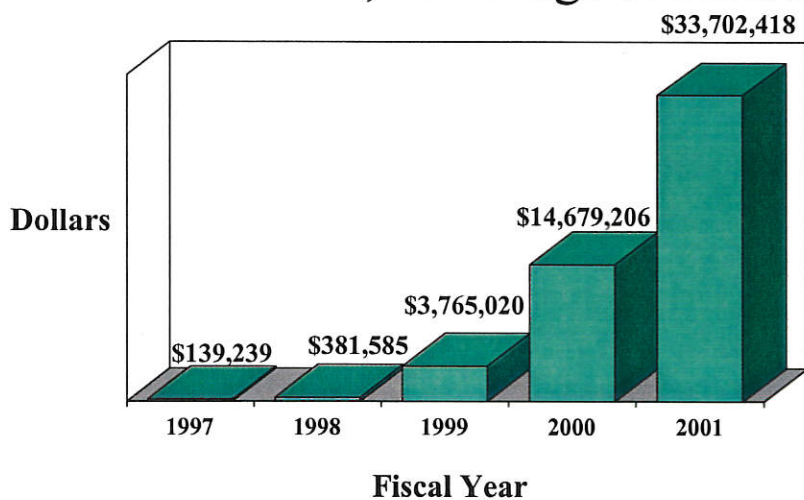
Senate Agriculture Committee
Date 1-16-2002

Attachment # 1-1 thru 1-12

Agriculture Products Development Division

- The mission of the Division is to “help improve the economic conditions of Kansas agriculture producers while boosting the prosperity of rural communities.”
- In FY 2001 the Division had 9.5 FTE.
- The FY 2001 Division budget was \$1,419,252.

Agriculture Products Development Division Client Sales, Patronage & Premiums



Value-Enhanced Marketing of Hard Red Winter Wheat to Mexico

- Joint project with the 21st Century Alliance, KSU Grain Science Division, and the Kansas Wheat Commission
- Project Mission: To assess the feasibility of marketing IP wheat from KS producers to the Mexican flour milling industry by evaluating the origination, transportation, milling and baking performance of this system
- Shipped approx. 95,000 bushels of IP wheat from 3 locations in southwest Kansas to Grupo Trimex in Mexico City



*Loading of IP wheat at
Harper Coop.*

Value-Enhanced Marketing of Hard Red Winter Wheat to Mexico, *Continued*

- Wheat was evaluated at the mill and bakery and compared to currently used wheat blend
- Result: Kansas IP wheat is a good substitute for Canadian wheat
- Future: Work on transportation issues, Kansas promotion and producer education



*Meeting with Flour Millers
Federation official in Mexico
City*

Small Scale Dairy Processing Feasibility Study

- USDA RBEG Grant \$29,270
- The study will investigate the potential for niche marketing of Kansas processed dairy products
- Issues to be addressed:
 - Customer buying preferences of branded dairy products (i.e., organic, all natural, grass fed)
 - Costs associated with converting from a conventional to an all-natural, grass-fed, or organic dairy production facility
 - Minimum size and scale of a dairy processing facility
 - Feasibility of used equipment in dairy processing
 - Feasibility of multi-line processing
 - Tourism opportunities

Trade Mission To Mexico

- KDOC&H sponsored the mission to Guadalajara and Monterrey.
- Joint project with KDOC&H Trade Development Division.
- Post mission sales total over \$600,000 for Kansas ag companies, plus numerous trade leads.
- Six Kansas companies participated in the mission, including 3 Kansas producer groups:
 - 21st Century Alliance
 - 21st Century Bean Processing Coop.
 - AgraMarke



21st Century Bean Processing Coop. and perspective buyer at mission reception.

FY 2001 Funded Projects

- The Division provided \$511,185 in financing for nine Kansas business groups in FY 2001.
- The Division provided \$74,600 to KSU.
- Through the matching portion of the Division loan program, \$1.96 million was leveraged on value-added ventures in FY 2001.
- In FY 2001, projects financed by the Division accounted for a minimum of:
 - 680,464 processed beef cattle
 - 322,967 bushels of soybeans
 - 85,195 pounds of wheat grass and barley grass
 - 11,783 bushels of wheat
 - 94 hogs
 - 292,890 pounds of wheat resin manufactured by Kansas suppliers

KSU Pilot Plants

- KSU Food Science Pilot Plant received a \$70,000 grant.
- KSU Meat Pilot Plant received \$2,500 in addition to utilizing \$17,500 in carryover funds from FY2000.
- The plants provided technical assistance on 1,515 separate occasions, saving Kansas companies a minimum of \$408,366.



KSU Food Science Pilot Plant

Kansas Wheat Research Center Optimizing White Wheat Performance

- The Division provided a \$2,100 grant to determine the optimum blend of hard white wheat seed varieties to maximize field production, milling and baking performance.
- Results of the project indicate that increased grain yield and grain protein content can be achieved by blending of varieties Betty and Trego.



Valley Vegetables Cooperative

- The Division provided a \$60,000 equipment loan.
- This was in addition to the previously committed \$90,000 loan in FY00 and a \$20,000 KEOIF grant from the Business Development Division.
- Total project cost is \$3.2 million.
- The Coop. will start processing sweet corn in the summer of 2002.



Meeting with Valley Vegetable producers and KDOC&H Agriculture, Business Development, and Community Development staff

Kiowa Locker Systems Kiowa, Kansas

- The Division provided a \$40,000 commercialization/market development loan.
- The facility became a federally inspected plant in the 4th quarter of 2001.
- In addition to slaughtering, the company processes and markets snack sticks to the fundraising and convenience store market, under the Chieftain Brand Meats logo.



21st Century Alliance Tauy Creek Dairy

- The Division provided a \$30,000 bridge loan to facilitate the development of a closed cooperative dairy business.
- The financing provided assistance for the accounting and engineering work needed to develop the prospectus.



Yoder Meats Yoder, Kansas

- The Division provided an \$87,185 commercialization loan for the expansion of the retail meat operation.
- The new facility not only expanded the ability to market local meat products, but includes a Kansas gift shop featuring many *From The Land of Kansas* items.



*Yoder Meats/Kansas Station
Retail Facility*

CVR Manufacturing Galesburg, Kansas

- The Division provided a \$100,000 loan for the development of a biodegradable container manufactured from agricultural products.
- The project is projected to utilize 350,000 lbs of grain and 150,000 lbs of agricultural fiber in the first year of production.
- The company will focus on protein tubs for the feed industry and horticulture pots.



*Tomato plants potted with
CVR pot.*

Ethanol Feasibility Studies

- The Division provided loans to two groups in FY01, allowing them to conduct full-scale ethanol feasibility studies:
 - Nesika Energy, Scandia, Kansas \$15,500
 - Central Kansas Renewable Fuels, McPherson, Kansas \$13,500



Kansas producers visit an ethanol facility in Nebraska.

American White Wheat Producers Association

- The Division provided a \$75,000 loan to assist the association in conducting a feasibility study, developing a business plan, and establishing a partnership with a retail chain of artisan bakeries.
- The loan was matched by \$111,000 AWWPA funds and a \$499,997 USDA grant.



Newhouse Dairy Processing Wellsville, Kansas

- The Division provided a \$90,000 commercialization/marketing loan for the development of a small-scale dairy processing facility.
- The facility will be an on-farm processing & retail facility, which will add value to the 100-head dairy operation.



Will Newhouse and daughter

Mid-American International Agriculture Trade Council

- The Division assisted four Kansas companies in obtaining \$226,015 in grant money from MIATCO.
- The grant dollars match company contributions and are utilized in international market development.
- The following companies received funding:
 - Natural Life Pet Products, Frontenac - \$125,000
 - Original Juan Specialty Foods, Inc., Kansas City - \$6,000
 - Pines International, Lawrence - \$85,015
 - Twin Valley Products, Greenleaf - \$10,000

From The Land of Kansas Program

- Program participation has remained level at 653 Kansas companies participating.
- The Division provides technical business services to FLOK companies.
- FLOK companies may utilize the Business Enhancement Grant Program or the Tradeshow Assistance Program.



*Buy Kansas First
Buyers Reception*

From The Land of Kansas Program

- Twelve FLOK clients received \$3,000 in Trade Show Assistance in FY01. These clients generated \$50,261 in sales from the respective trade shows.
- Companies Receiving Assistance:
 - Balloons by Little Bo-Tique, Topeka
 - Carey's Wheat Berries, Sterling
 - Central Supply, Inc., Great Bend
 - Chieftain Brand Meats, Kiowa
 - Elsie Grace's, Frankfort
 - Humble Beginnings, Hays
 - Kansas Konfections, Nickerson
 - Smoky Hill Bison Co., Lindsborg
 - The Friendly Company, Inc., Mount Hope
 - TJ's Soap & Stuff, Arkansas City
 - Unique Equine Jewelry, Andover
 - Wiedmann Farm Fresh Meats, Onaga

FY01 Value-Added Opportunities in Agriculture Conference

- The Division received a USDA RBEG grant to coordinate the conference.
- The conference was held on the campus of Fort Hays State University.
- Approx. 200 people attended the conference, which focused on business development, alternative agriculture opportunities, and specialized marketing.



Producers at the 2000 Value Added Conference.

Direct Meat Marketing Seminars

- In conjunction with the Kansas Dept. of Agriculture, the Division hosted two direct meat marketing seminars in FY01.
- Over 125 people attended the one-day seminars held in Hays and Seneca.
- The seminars featured speakers on such topics as business planning, marketing, regulation compliance and business assistance.



Wallace County producer, Chris Ann Grund, speaks about internet marketing.

FY 2002 Emphasis

- Direct Marketing Opportunities for Kansas Agricultural Producers
- Identity Preservation
- Ethanol/Renewable Fuels
- Specialty Crop Product Development/Marketing
- Agri-Tourism

Our Five Year Anniversary. Was It The Right Move?

- YES!!
- Proven results
- The focus on agriculture producers
- The collaboration with other KDOC&H divisions
- The collaboration with other state & federal agencies, producer groups, and industry